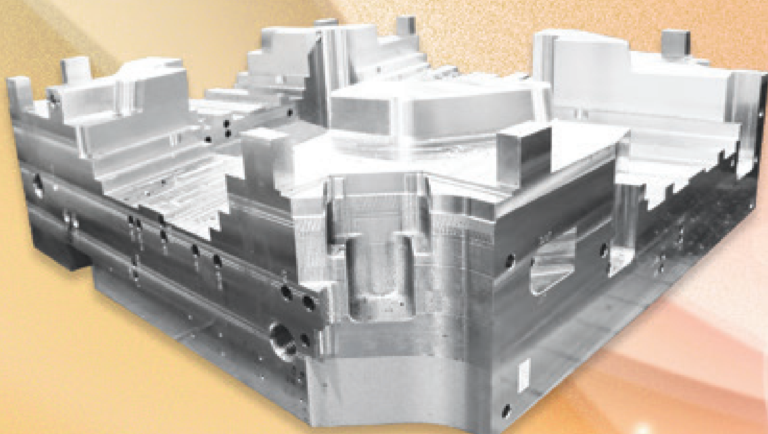
LKM®

Lung Kee Group Holdings Limited

龍記集團控股有限公司

Stock Code: 255

2024 ANNUAL REPORT



1975
2025
Anniversary

CONTENTS

Lung Kee Group Holdings Limited
2024 Annual Report

1975
2025
Anniversary

Corporate Information

EXECUTIVE DIRECTORS

Mr. Siu Tit Lung *(Chairman)*
Mr. Siu Yuk Lung *(Managing Director)*
Mr. Wai Lung Shing
Mr. Ting Chung Ho
Mr. Siu Yuk Tung, Ivan
Mr. Siu Yu Hang, Leo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lee Tat Yee
Mr. Wong Hak Kun
Ms. He Lamei

COMPANY SECRETARY

Mr. Wai Lung Shing

SOLICITORS

Woo Kwan Lee & Lo
26th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35th Floor
One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court,
22 Victoria Street
PO Box HM1179
Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 15th Floor
Kings Wing Plaza 2
No. 1 On Kwan Street
Sha Tin
New Territories
Hong Kong

WEBSITE

http://www.irasia.com/listco/hk/lkm

Chairman's Statement

It is my pleasure to present the results of Lung Kee Group Holdings Limited (formerly known as Lung Kee (Bermuda) Holdings Limited) (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st December, 2024.

BUSINESS REVIEW

The Group's revenue for the year ended 31st December, 2024 was HK$1,553,244,000 (2023: HK$1,449,340,000). Loss attributable to owners of the Company for the year ended 31st December, 2024 was HK$13,673,000 (2023: HK$72,431,000). The basic loss per share for the year ended 31st December, 2024 was HK2.16 cents (2023: HK11.47 cents).

Throughout the review period, the global economy was plagued by multiple uncertainties and its overall performance was weak, therefore, the economic growth rate was still lower than the pandemic level. The domestic market in China was still in the recovery stage due to the impact of real estate adjustments. Facing the downturn of global market environment, the Group, adhering to its principal, continued to explore market opportunities and endeavored to enhance its production technology to consolidate its marketing and production advantage. Consequently, the Group's performance in the review year, compared to the year 2023, showed improvement in turnover.

PROSPECTS

Looking ahead to the year 2025, the global political and economic situation are full of even more potential risks and uncertainties. The business operating outlook is more difficult to predict and fill with challenges.

The war between Russia and Ukraine is expected to resolve, the European countries therefore have opportunity to reshape its economic development but it is still difficult to achieve economic recovery within a short period. On the other hand, trade disputes between China and the United States intensify. The United States will impose tariffs on exported goods from China and establish control on technology products from China. Moreover, European countries also plan to impose tariffs on some Chinese products such as electric vehicles etc., all these brings severely impact on the export business development in China. Fortunately, most of the export-oriented customers of the Group have already expanded its trade partnerships with emerging markets such as Vietnam, a member of ASEAN, greatly reducing risks in its export business. The Group will closely adjust its marketing strategies to cope with market changes and explore China and other overseas markets to enhance its market coverage and diversify its market risks.

Chairman’s Statement

In 2025, China’s “Two Sessions” (the National People’s Congress and the Chinese People’s Political Consultative Conference) have proposed various measures to boost consumption such as schemes in encouraging trade-in old consumer goods for new ones and promoting upgrade of large-scale equipment, to stimulate domestic demand in order to drive economic growth. The Group expects demand for consumer goods such as high-tech electronic products and environment friendly intelligent home appliances will keep increasing. At the same time, the Chinese government focuses on promoting new energy and new technology industries to drive the economy moving forward to high quality development. The Group foresees the continuously booming and development of environmentally friendly vehicles will accelerate the development of automotive business. Furthermore, efforts put to explore high-end technology industry such as the development of low-altitude economy, AI artificial intelligence products such as robots etc. will support the long-term economic development of China. On the other hand, the toy industry continues to launch collectible trendy doll toys to stimulate more adults’ desire to purchase toys that cultivate more development opportunities for the toy business. The Group will seize the existing and potential business opportunities in order to ensure its leading position in the industry.

The Group maintains a solid financial position and will concentrate on the development of plastic and die-casting technology in production to enhance its overall processing capabilities and product quality, aiming to keep pace with the new market trend. Furthermore, the Group will continue to reduce its operational costs and strengthen its effectiveness in order to mitigate operational risks and consolidate the competitive advantage of its products.

In 2025, the Group enters into the 50th anniversary of its establishment. The Group will stick to its entrepreneurial attitude “keeping abreast with time, keeping exploration and innovation” in coping with the ever-changing business environment so as to achieve steady growth and healthy return.

Taking this opportunity, the Board of Directors would like to sincerely thank all staff for their hard work and contribution rendered and extend heartfelt gratitude to shareholders and business partners for their continued support to the Group.

Siu Tit Lung
Chairman

Hong Kong, China, 21st March, 2025

Management Discussion and Analysis

During the year ended 31st December, 2024, the Group continued to focus on the manufacturing and marketing of mould bases and related products.

The Group recorded revenue of HK$1,553,244,000 and loss of HK$13,673,000 for the year ended 31st December, 2024.

OPERATIONAL REVIEW

The geopolitical situations were tense. The war between Russia and Ukraine was in a stalemate and the persistent Israel-Palestine clashes, aggravated risks on global economic and financial system. Furthermore, as affected by high interest rates and rising energy costs, the business environment was difficult and consumer demand was weak in Europe and the United States, that further slowed down the pace of global economic recovery. On the other hand, trade disputes between China and the United States as well as between China and European countries continued, export business in China was under pressure.

Following the downturn in the real estate market, demand for consumer goods remained insufficient. However, as stimulated by macroeconomic policies put forward by the Chinese government to promote new productive forces, the dual track development of environmentally friendly new energy vehicles and traditional fuel vehicles showed an impressive performance. At the same time, the development of high-end technology markets such as low-altitude economy also recorded a positive result. In addition, the Chinese government encouraged to trade-in old consumer goods for new one scheme also boosted demand for home appliances and high-tech electronic products. As a result, demand for mould products increased. With market competitive advantage, the Group actively secured orders with high processing contents and suitably adjusted its prices, successfully enlarging its sales revenue.

Turning to the operational cost, the Group continued to ameliorate its production technology to uplift its production effectiveness. Moreover, the Group also reviewed its procurement policies on raw materials and components as well as inventory level. Consequently, the Group managed to control and balance its costs to a reasonable level. Furthermore, the prices of mould steel remained stable, thus the aggregate operation cost control was relatively effective.

Despite the unfavorable external economic environment, the Group's order volume, compared with last year, maintained a positive growth. In consequence, the turnover and gross profit of the Group during the review year showed favorable improvement.

FINANCIAL REVIEW

The Group's revenue for the year ended 31st December, 2024 increased by 7.2% from previous year. The revenue was increased as there was a slight improvement of economy. During the year under review, the relevant costs of raw materials and consumables used (including the changes in inventories of finished goods and work in progress) for generating the revenue decreased by 5.3% and raw materials and consumables used as percentage of revenue decreased to 38.7% (2023: 43.8%). The ratio of the relevant costs of raw materials and consumables used as percentage of revenue was decreased mainly due to the slight increase of selling prices. The increase in activities caused the increase of other expenses by 5.9% while the employee benefits expenses increased by 3.9%.

Management Discussion and Analysis

During the year under review, the decrease in fair value of investment properties decreased by HK$3,000,000 compared with the same period of last year. Other income, gains and losses decreased by HK$11,387,000. Income tax credit decreased by HK$34,499,000 mainly due to the decrease in deductible losses.

As a result of the foregoing, loss for the year ended 31st December, 2024 decreased by 81.1% to HK$13,673,000 (2023: HK$72,431,000).

LIQUIDITY AND CAPITAL RESOURCES

The total equity of the Group as at 31st December, 2024 was HK$1,673,543,000 (as at 31st December, 2023: 1,798,762,000). As at 31st December, 2024, the Group had bank balances and cash of HK$546,648,000 (as at 31st December, 2023: HK$428,758,000) and did not have any borrowings (2023: Nil).

The bank balances and cash were placed in short term deposits with major banks in Hong Kong and the PRC.

The Group had sufficient cash to meet its operations and capital commitments.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2024, the Group employed a total of approximately 3,000 employees. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to employees with reference to the individual's performance.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to adopting the standards of corporate governance. The board of directors (the "Board") of the Company believes that good governance is essential to achieving the Group's objectives of maximizing shareholders' value and safeguarding the interests of the shareholders.

During the financial year ended 31st December, 2024, the Company has complied with all code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKSE") (the "Listing Rules").

CORPORATE CULTURE

A positive and progressive corporate culture across the Group is vital for the Company to achieve its purpose towards the sustainable growth. It is the role of the Board to foster the Group's corporate culture with the core principles of integrity and accountability to guide the behaviours of its employees and ensure that the Company's purpose, values and business strategies are aligned to it.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the directors.

Having made specific enquiry of all directors, all directors declared that they had complied with the Model Code for the year ended 31st December, 2024.

THE BOARD

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs. The Board sets strategies for the Group and monitors the performance of the management.

As at the date of this report, the Board consists of six executive directors and three independent non-executive directors.

Executive directors
Mr. Siu Tit Lung *(Chairman)*
Mr. Siu Yuk Lung *(Managing Director)*
Mr. Wai Lung Shing
Mr. Ting Chung Ho
Mr. Siu Yuk Tung, Ivan
Mr. Siu Yu Hang, Leo

Independent non-executive directors
Dr. Lee Tat Yee
Mr. Wong Hak Kun
Ms. He Lamei

Corporate Governance Report

The biographies of the directors are set out in the section headed "Brief Details of Directors and Senior Management" in the Directors' Report of this Annual Report. Mr. Siu Tit Lung is the Chairman of the Company and Mr. Siu Yuk Lung is the Managing Director of the Company. They are brothers. Mr. Siu Yuk Tung, Ivan is a son of Mr. Siu Tit Lung, a nephew of Mr. Siu Yuk Lung and a cousin of Mr. Siu Yu Hang, Leo. Mr. Siu Yu Hang, Leo is a son of Mr. Siu Yuk Lung, a nephew of Mr. Siu Tit Lung and a cousin of Mr. Siu Yuk Tung, Ivan. Save as aforesaid, none of the members of the Board is related to one another.

The independent non-executive directors serve the relevant function of bringing independent judgement on the development, performance and risk management of the Company. An independent non-executive director possesses recognised professional qualifications in accounting.

During the financial year ended 31st December, 2024, the Board reviewed the implementation and effectiveness of the following mechanisms to ensure independent views and input are available to the Board and considered that such mechanisms remain effective.

1. Four out of the ten directors are independent non-executive directors which represents more than one-third of the Board. Mr. Lee Joo Hai, an independent non-executive director, resigned with effect from 31st December, 2024. All independent non-executive directors continue to devote adequate time contribution to the Company.

2. All chairmen and members of Audit Committee, Nomination Committee and Remuneration Committee are independent non-executive directors in order to preserve well-balanced governance and independence.

3. The independent non-executive directors share their views and opinions through regular quarterly Board/Committee meetings.

4. Independent non-executive directors met with the heads from the major departments of the Group which provided a good opportunity for the independent non-executive directors to better understand the business operation of the Group.

5. The Chairman meets with all independent non-executive directors annually without the presence of other directors which provides a platform for the Chairman to listen independent views on various issues concerning the Group.

6. External independent professional advice would be provided to independent non-executive directors upon reasonable request to assist them to perform their duties to the Group.

7. The Nomination Committee will assess the continued independence of existing independent non-executive directors on an annual basis. All independent non-executive directors are required to confirm in writing annually their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

8. No equity-based remuneration with performance-related elements will be granted to the independent non-executive directors.

During the financial year ended 31st December, 2024, an annual general meeting was held and the Board held four regular meetings at approximately quarterly intervals. The attendance of each director is set out as follows:

Name of Director	Attendance at annual general meeting	Attendance at board meetings
Executive directors		
Mr. Siu Tit Lung	1/1	4/4
Mr. Siu Yuk Lung	1/1	4/4
Mr. Wai Lung Shing	1/1	4/4
Mr. Ting Chung Ho	1/1	4/4
Mr. Siu Yuk Tung, Ivan	1/1	4/4
Mr. Siu Yu Hang, Leo	1/1	4/4
Independent non-executive directors		
Dr. Lee Tat Yee	1/1	4/4
Mr. Wong Hak Kun	1/1	4/4
Ms. He Lamei	1/1	4/4
Mr. Lee Joo Hai (resigned with effect from 31st December, 2024)	1/1	4/4

In respect of regular board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least 3 days before the intended date of a meeting.

The management has the obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each director has separate and independent access to the Group's senior management to acquire more information than is volunteered by management and to make further enquiries if necessary.

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board delegates the day-to-day operations to general managers and department heads who are responsible for different aspects of the operations of the Group while it reserves the right to decide all policy matters of the Group and material transactions.

The Board has delegated the responsibility for performing the corporate governance duties set out in the code provision A.2.1 of the Code to the Audit Committee.

The directors are continually updated with the regulatory requirements, business activities and development of the Group to facilitate the discharge of their responsibilities. The directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contributions to the Board remain informed and relevant.

From time to time, the Company Secretary of the Company provides the directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements.

Corporate Governance Report

All directors have participated in continuous professional development and have provided to the Company the records of the training they received during the financial year ended 31st December, 2024. The individual training record of each director received for the year ended 31st December, 2024 is summarized below:

Name of Director	Briefings and updates on the business, operations and corporate governance matters	Attending seminars, workshops or exhibitions relevant to the business or directors' duties
Executive directors		
Mr. Siu Tit Lung	✓	✓
Mr. Siu Yuk Lung	✓	✓
Mr. Wai Lung Shing	✓	✓
Mr. Ting Chung Ho	✓	✓
Mr. Siu Yuk Tung, Ivan	✓	✓
Mr. Siu Yu Hang, Leo	✓	✓
Independent non-executive directors		
Dr. Lee Tat Yee	✓	✓
Mr. Wong Hak Kun	✓	✓
Ms. He Lamei	✓	✓
Mr. Lee Joo Hai (resigned with effect from 31st December, 2024)	✓	✓

THE CHAIRMAN AND THE MANAGING DIRECTOR

The Company segregates the role of Chairman from the Managing Director. The Chairman provides leadership to the Board, whereas the Managing Director implements the strategies approved by the Board.

NON-EXECUTIVE DIRECTORS

All independent non-executive directors of the Company are appointed for a specific term, subject to re-election.

The independent non-executive directors participate actively in the board meetings. They bring an independent judgement on issues of strategy, policy, development, performance, risk management, accountability, resources, key appointments and standards of conduct. The independent non-executive directors are also members of Audit Committee, Nomination Committee and Remuneration Committee.

BOARD COMMITTEES

The Company has maintained the Audit Committee, the Nomination Committee and the Remuneration Committee throughout the year to oversee particular aspects of the Group's affairs. Each of these committees has specific written terms of reference, which deal clearly with their authorities and duties. The chairmen of the committees will report the findings and recommendations of the committees to the Board after each meeting. The minutes of all meetings of the committees are circulated to the Board for information.

NOMINATION COMMITTEE

A Nomination Committee was established by the Company in 2004. As at the date of this report, the Nomination Committee comprises three independent non-executive directors of the Company, Ms. He Lamei, Dr. Lee Tat Yee and Mr. Wong Hak Kun. Ms. He Lamei is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The terms of reference of the Nomination Committee are available on the website of the HKSE and the Company's website.

During the financial year ended 31st December, 2024, the Nomination Committee held four meetings. The attendance of each member is set out as follows:

Name of Member	Number of attendance
Ms. He Lamei	4/4
Dr. Lee Tat Yee	4/4
Mr. Wong Hak Kun	4/4
Mr. Lee Joo Hai (resigned with effect from 31st December, 2024)	4/4

The chairman of the meeting will report the findings and recommendations of the Nomination Committee to the Board after each meeting. The minutes of all meetings of Nomination Committee are circulated to the Board for information.

The following is a summary of the work performed by the Nomination Committee in 2024:

1. reviewed the structure, size and composition of the Board.

2. assessed the independence of all the independent non-executive directors taking into account the independence requirements as set out in Rule 3.13 of the Listing Rules and reviewed the independent non-executive directors' annual confirmations on their independence.

3. reviewed the re-election of retiring directors and recommended the same to the Board for putting forward to the shareholders of the Company for approval at the 2024 annual general meeting of the Company and reviewed the relevant disclosures made in the circular to the shareholders of the Company.

4. interviewed with the Chairman and the Managing Director of the Company to realise their plans for succession.

5. reviewed the retirement policy of the Group.

6. reviewed the relevant disclosures made in the Directors' Report of the 2023 annual report of the Company (the "2023 Annual Report").

7. reviewed the Corporate Governance Report in the 2023 Annual Report.

8. reviewed the Group's compliance with the Code.

9. reviewed the Nomination Policy of the Company (the "Nomination Policy") and the Board Diversity Policy of the Company (the "Board Diversity Policy").

10. launched the annual "Director's Self-Assessment Review".

11. considered those topics, which were requested by the Board and reviewed those relevant documents.

Below is the Nomination Policy:

Objective

1. The Nomination Policy aims to set out the major selection criteria and nomination procedures for the Nomination Committee to select and recommend candidates for directorship.

Selection Criteria

2. The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

   (a) Reputation for integrity;

   (b) Experience and reputation in the businesses of the Group and other relevant sectors;

   (c) Commitment in respect of sufficient time, the relevant interest and attention to the Group's business;

   (d) Diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional background, skills, knowledge and experience;

   (e) The ability to assist and support management and make significant contributions to the Group's success;

   (f) Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive director; and

   (g) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

3. The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Bye-laws of the Company and other applicable rules and regulations.

Nomination Procedures

4. The Nomination Committee shall invite nominations of candidates from the Board members, if any, for consideration by the Nomination Committee.

5. The Nomination Committee shall identify individuals suitably qualified to become Board members and make recommendations for the Board's consideration and approval.

6. Regarding the appointment of any proposed candidates to become Board members, the Nomination Committee shall undertake adequate due diligence in respect of each proposed candidate and make recommendations for the Board's consideration and approval.

7. Regarding the re-appointment of any existing members of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, the proposed candidates to stand for re-election at a general meeting.

8. Regarding the procedures for shareholders' nomination of any proposed candidate for election as a director, please refer to the "Procedures for Shareholder to Propose a Person for Election as a Director", which is available on the Company's website.

9. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

Review of the Nomination Policy

10. The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

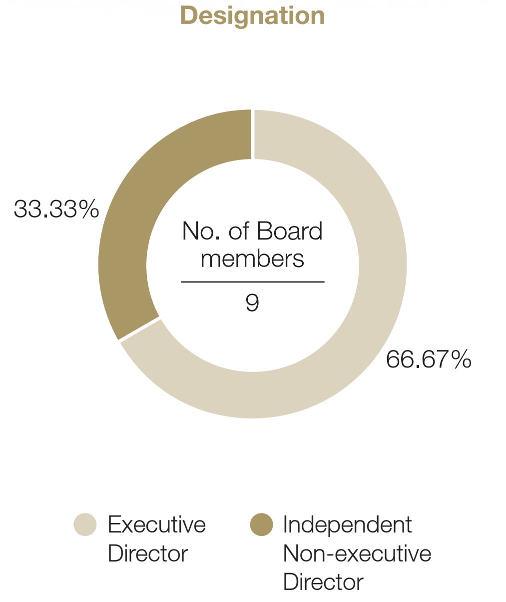
Below is a summary of the Board Diversity Policy, please refers to the Company's website for details:

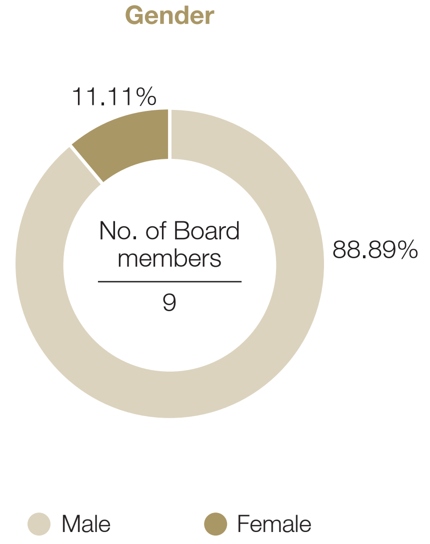
The Company recognises and embraces the benefits of having a diverse Board to enhance the overall quality of its performance.

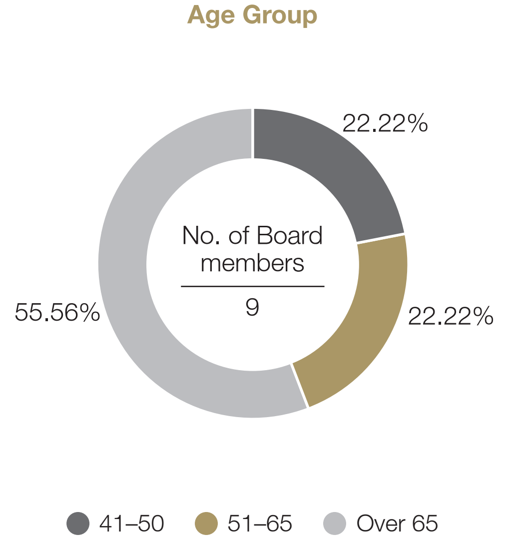
The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Selection of candidates will be based on the Nomination Policy and a range of diversity perspectives, including but not limited to the aforesaid mentioned aspects. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

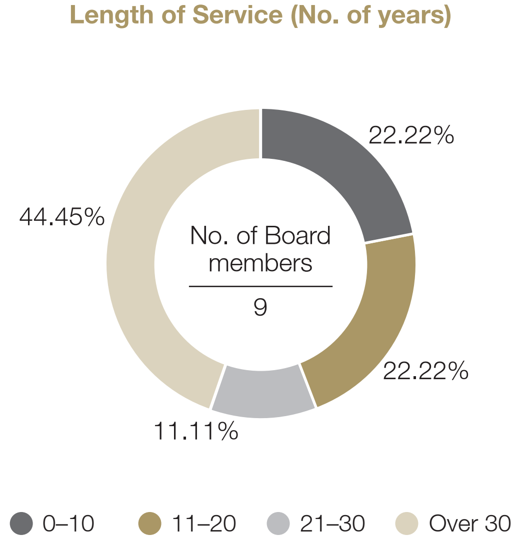
As at the date of this report, out of the nine directors, one is female representing 11.11% of the Board and 33.33% of the total number of independent non-executive directors of the Company. The Board targets to maintain at least the current level of female representation. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitably qualified candidates for Board appointments, the analyses of the Board's composition based on the measurable objectives are set out below:

Diversity Mix









The Nomination Committee reviewed the Board's composition in accordance with the Listing Rules, the Board Diversity Policy and the Nomination Policy and considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group.

The Nomination Committee also reviewed the Nomination Policy and the Board Diversity Policy and considered such policies remain effective and appropriate for the Company. The Nomination Committee will discuss any revisions to the aforesaid policies that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee continues to monitor the implementation of the Board Diversity Policy by conducting review of the Board's composition at least annually.

The Company has taken measures to promote diversity at all levels of its workforce. Training and career development are equally opened to all eligible employees without discrimination. As at 31st December, 2024, the workforce of the Group's PRC Plants comprised 85% male and 15% female. For further information about the gender ratio in the workforce, please refers to the Environment, Social and Governance Report in this Annual Report. As the members of the Board coincide with the members of the senior management of the Group and the gender ratio of the Board has been disclosed, no disclosure about the gender ratio of the senior management could be made.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company in 2004. As at the date of this report, the Remuneration Committee comprises three independent non-executive directors of the Company, Dr. Lee Tat Yee, Mr. Wong Hak Kun and Ms. He Lamei. Dr. Lee Tat Yee is the chairman of the Remuneration Committee.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Group's policy and structure for all remuneration of directors and senior management. The terms of reference of the Remuneration Committee are available on the website of the HKSE and the Company's website.

During the financial year ended 31st December, 2024, the Remuneration Committee held four meetings. The attendance of each member is set out as follows:

Name of Member	Number of attendance
Dr. Lee Tat Yee	4/4
Mr. Wong Hak Kun	4/4
Ms. He Lamei	4/4
Mr. Lee Joo Hai (resigned with effect from 31st December, 2024)	4/4

The chairman of the meeting will report the findings and recommendations of the Remuneration Committee to the Board after each meeting. The minutes of all meetings of Remuneration Committee are circulated to the Board for information.

The following is a summary of the work performed by the Remuneration Committee in 2024:

1. reviewed the Group's emolument policy and structure for the remuneration of directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

2. assessed the performance of the executive directors and considered the remuneration package of executive directors by making reference to the prevailing packages with companies listed on the main board of the HKSE.

3. reviewed the relevant disclosures made in the Directors' Report of the 2023 Annual Report.

4. reviewed the Corporate Governance Report in the 2023 Annual Report.

5. reviewed the Group's compliance with the Code.

6. considered those topics, which were requested by the Board and reviewed those relevant documents.

7. Endorsed the grant of share options to the employees of the Group. Save as aforesaid, no matters relating to the share option scheme adopted by the Company in 2022 were required to be approved or reviewed by the Remuneration Committee.

The Remuneration Committee has adopted the model set out in the code provision E.1.2(c)(ii) of the Code, i.e. to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

Details of the remuneration of directors are disclosed on an individual basis and are set out in note 8 to the consolidated financial statements of the Group. As the members of the Board coincide with the members of the senior management of the Group and the remuneration of directors have been disclosed, no disclosure about the remuneration payable to members of senior management could be made.

AUDIT COMMITTEE

An Audit Committee was established by the Company in 1998. As at the date of this report, the Audit Committee comprises three independent non-executive directors of the Company, Mr. Wong Hak Kun, Dr. Lee Tat Yee and Ms. He Lamei. Mr. Wong Hak Kun possesses recognised professional qualifications in accounting and have wide experience in auditing and accounting and is the chairman of the Audit Committee.

The primary function of the Audit Committee is to review and supervise the Group's financial reporting process and internal controls. The Audit Committee has accepted the Board's delegation of responsibility for performing the corporate governance duties set out in the code provision A.2.1 of the Code. The terms of reference of the Audit Committee are available on the website of the HKSE and the Company's website.

During the financial year ended 31st December, 2024, the Audit Committee held four meetings at approximately quarterly intervals to review the quarterly results presented by the management and to discuss the internal audit findings prepared by the Internal Audit Department. The external auditor, Messrs. Deloitte Touche Tohmatsu, attended three regular meetings, which included the meetings in conjunction with the release of the half year and full year results announcements.

During the financial year ended 31st December, 2024, the Audit Committee held four meetings. The attendance of each member is set out as follows:

Name of Member	Number of attendance
Mr. Wong Hak Kun	4/4
Dr. Lee Tat Yee	4/4
Ms. He Lamei	4/4
Mr. Lee Joo Hai (resigned with effect from 31st December, 2024)	4/4

The chairman of the meeting will report the findings and recommendations of the Audit Committee to the Board after each meeting. The minutes of all meetings of Audit Committee are circulated to the Board for information.

The following is a summary of the work performed by the Audit Committee in 2024:

1. reviewed the Group's consolidated financial statements for the year ended 31st December, 2023 and the annual results announcement with a recommendation to the Board for approval.

2. reviewed the relevant disclosures made in the Directors' Report of the 2023 Annual Report.

3. reviewed the Corporate Governance Report in the 2023 Annual Report.

4. reviewed the Environmental, Social and Governance Report in the 2023 Annual Report.

5. met with the external auditor, Messrs. Deloitte Touche Tohmatsu, without the presence of the executive directors of the Board.

6. reviewed the Group's consolidated financial statements for the period from 1st January, 2024 to 30th April, 2024 with a recommendation to the Board for approval.

7. assessed broadly any special risks faced by the Group and reviewed the effectiveness of the risk management and internal control systems of the Group through the Risk Management and Internal Control Review Task Force, which was established by the Audit Committee. The findings were assessed by the Risk Management and Internal Control Review Task Force. The Audit Committee then reviewed these findings and reported the same to the Board.

8. reviewed the Group's consolidated financial statements for the six months period ended 30th June, 2024 and the interim results announcement with a recommendation to the Board for approval.

9. reviewed the Group's consolidated financial statements for the period from 1st January, 2024 to 30th September, 2024 with a recommendation to the Board for approval.

10. reviewed the Group's policies and practices on corporate governance, including the review of the implementation and effectiveness of the mechanisms to ensure independent views and input are available to the Board and the review of the implementation and effectiveness of the Shareholders Communication Policy of the Company (the "Shareholders Communication Policy"), and made recommendations to the Board.

11. reviewed the training and continuous professional development of directors.

12. reviewed the Group's compliance with the Code.

13. reviewed the annual internal audit plan submitted by the Group's Internal Audit Department and the related party transaction reports.

14. reviewed the findings and recommendations submitted by the Group's Internal Audit Department.

15. reviewed the reports including the 2024 audit planning report and the management letters submitted by the external auditor.

16. considered the 2024 audit fees with a recommendation to the Board for approval.

17. considered those topics, which were requested by the Board and reviewed those relevant documents.

At the Audit Committee meeting on 21st March, 2025, the Audit Committee reviewed the Group's consolidated financial statements for the year ended 31st December, 2024, the disclosures made in this Corporate Governance Report, the Environmental, Social and Governance Report in this Annual Report and the annual results announcement with a recommendation to the Board for approval.

The Audit Committee recommended the re-appointment of Messrs. Deloitte Touche Tohmatsu as the external auditor of the Group for 2025 and that the relevant resolution shall be put forth for the consideration of the shareholders of the Company and their approval at the 2025 annual general meeting of the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The directors acknowledge their responsibility to prepare the consolidated financial statements that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the consolidated financial statements on a going concern basis.

The responsibility of the external auditor, Messrs. Deloitte Touche Tohmatsu, is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of Company, as a body, in accordance with Section 90 of The Companies Act of Bermuda (the "Companies Act"), and for no other purpose.

The Company has announced its annual and interim results in a timely manner within approximately three months and two months, respectively, after the end of the relevant period in order to enhance high level of corporate transparency.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually through the Risk Management and Internal Control Review Task Force of the Audit Committee. The Risk Management and Internal Control Review Task Force assists the Board and the Audit Committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis and the Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal controls, and the resourcing of the finance and internal audit functions as well as the performance and reporting relating to environmental, social and governance ("ESG").

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks, including those risks relating to ESG that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The various departments of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, including those risks relating to ESG, and report such risk management activities to the directors of the Group at each regularly scheduled meeting throughout the year. The Internal Audit Department reviews significant aspects of risk management and internal control for the Group, reports to the Board and the Audit Committee periodically, including amongst other things, significant risks, including those risks relating to ESG, of the Group and the appropriate mitigation of identified risks.

The Internal Audit Department reports to the Board and the Audit Committee periodically throughout the year, the results of their activities during the preceding period pertaining to the adequacy and effectiveness of internal controls, including but not limited to, any indications of failings or material weaknesses in those controls. The annual work plan of internal audit covers major activities and processes of the Group's operations and businesses units. Special reviews are also performed at the Board's request. The results of these audit activities are communicated to the Board and the Audit Committee. Audit issues are tracked, followed up for proper implementation, and their progress are reported to the Board and the Audit Committee by the Internal Audit Department periodically.

The Internal Audit Department provides independent advice to the Board, the Audit Committee and the executive management of the Group on the adequacy and effectiveness of internal controls for the Group. The head of Internal Audit Department reports directly to the Chairman of the Audit Committee and the respective directors (as the case may be).

The senior management of the Group, supported by the Board, is responsible for the design, implementation and monitoring of the risk management and internal control systems, and for reporting to the Board and/or the Audit Committee on the effectiveness of these systems.

The following key processes are used to identify, evaluate and manage the Group's significant risks, including those risks relating to ESG:

1. the Board establishes the scope and the Audit Committee establishes the risk assessment criteria.

2. various departments identify the risks, which may potentially impact the achievement of their business objectives, and analyze and evaluate the significance of such risks.

3. various departments assess the adequacy of existing controls, determine and implement plans where risks are mitigated.

4. various departments monitor those activities to mitigate the risks.

5. the Internal Audit Department tracks the progress of those activities to mitigate the risks and reports regularly to the Board and the Audit Committee.

The Company has adopted policies and procedures for assessing and improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to provide confirmation to the Board on the effectiveness of these systems annually.

The Group maintains a whistleblowing policy and the Board oversees a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner. The Board has designated the head of Internal Audit Department to receive on its behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information, including recommendations arising from any investigations for consideration by the Board. All reported cases would be investigated in a fair and proper manner by the Internal Audit Department. The Internal Audit Department classifies the reported cases according to their natures and reports the cases directly to the Board or the Audit Committee. The investigation reports of the reported cases are sent to the Audit Committee on a regular basis for review.

The whistleblowing policy would be reviewed and updated periodically to align with industry best practice.

The Group's corporate culture is the key components of the Group's corporate governance framework. It provides the guiding principles for the employees to perform justifiably and behave with integrity, uprightness and honesty. It also puts all employees under stringent obligations as to the manner to which they should deal with the issues of bribery, conflicts of interest and compliance with the Group's policies and practices etc.

The Group has zero tolerance for corruption and related malpractice. The anti-corruption policy forms an integral part of the Group's corporate governance framework. Other relevant policies of the framework, including the whistleblowing policy and the code of conduct, outline the Group's aims and requirements of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

The Group does not only require all its employees to behave with integrity but also requests its suppliers and business partners to observe the same ethical standards. The Group also prohibits all its employees from taking advantages of their powers and authorities for personal interests. The Group treats the issues on bribery, extortion, fraud and money laundering very seriously and complies with the laws of the place where the business of the Group carries on, to report the issues to the relevant Government authorities. These demonstrate the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations of the place where the business of the Group carries on.

The anti-corruption policy would be reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

The Company strictly regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

During the financial year ended 31st December, 2024, the Risk Management and Internal Control Review Task Force assessed broadly any special risks faced by the Group and conducted a review on the effectiveness of the risk management and internal control systems of the Group. The Risk Management and Internal Control Review Task Force conducted individual interviews with the executive directors of the Company. The heads of major departments were required to undertake self-assessments of their key controls. The findings were assessed by the Risk Management and Internal Control Review Task Force. The Audit Committee then reviewed these findings and reported the same to the Board. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

The Internal Audit Department conducted selective reviews on the effectiveness of the risk management and internal control systems of the Group over operational, financial and compliance controls.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

AUDITOR'S REMUNERATION

For the financial year ended 31st December, 2024, the fee paid/payable to the external auditors, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit services	3,227
Interim review	568
Non-audit services	
— Taxation services	121
— Audit of provident fund	7
— Review of results announcement	55

COMPANY SECRETARY

Mr. Wai Lung Shing, an executive director of the Company, is the Company Secretary of the Company. Mr. Wai has taken no less than 15 hours of relevant professional training duly complied with the training requirement pursuant to Rule 3.29 of the Listing Rules for the financial year ended 31st December, 2024.

SHAREHOLDERS' RIGHTS

(a) Convening of special general meetings on requisition by shareholders

Pursuant to Bye-law 58 of the Bye-laws of the Company, the shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act.

The written requisition, duly signed by the shareholders concerned, must state the purpose of the meeting and must be deposited at the registered office of the Company.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under section 74 of the Companies Act once a valid requisition is received.

(b) Procedures for putting forward proposals at general meetings by shareholders

The following shareholders can submit a written requisition to move a resolution at a general meeting of the Company:

(i) any number of shareholders representing not less than one-twentieth (5%) of the total voting rights of all shareholders having at the date of the requisition a right to vote at the general meeting; or

(ii) not less than one hundred (100) shareholders.

The written requisition specifying the resolution, duly signed by the shareholders concerned, together with a statement of not more than one thousand (1,000) words with respect to the matter referred to in the proposed resolution must be deposited at the registered office of the Company not less than six (6) weeks before the general meeting in case of a requisition requiring notice of a resolution and not less than one (1) week before the general meeting in case of any other requisition. The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under sections 79 and 80 of the Companies Act once valid documents are received.

(c) Procedures for directing shareholders' enquiries to the board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary of the Company at the Company's head office and principal place of business in Hong Kong at Unit A, 15th Floor, Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATION WITH SHAREHOLDERS

The aim of the Shareholders Communication Policy is to provide the shareholders of the Company and, in appropriate circumstances, the investment community at large with ready, equal and timely access to balanced and understandable information about the Company, in order to enable them to make informed assessments of the Company, and to allow shareholders of the Company and the investment community to engage actively with the Company.

The Shareholders Communication Policy sets out various communication channels for the shareholders of the Company to communicate their views on various matters affecting the Company, as well as steps taken to solicit and understand the views of the shareholders of the Company and the stakeholders. The Shareholders Communication Policy is available on the Company's website.

Information shall be communicated to the shareholders of the Company and the investment community mainly through the Company's announcements, results announcements, annual and interim reports, annual general meetings and other general meetings that may be convened as well as all the disclosures submitted to the HKSE to be made available on the website of the HKSE and the Company's website which provides an effective communication platform to the public and the shareholders of the Company.

The annual general meeting enables the shareholders of the Company to exchange views with the Board. The chairman of the Board and the chairmen of Audit Committee, Nomination Committee and Remuneration Committee have attended at the annual general meeting to be available to answer the questions of the shareholders of the Company.

Separate resolutions are proposed at the annual general meeting on each substantially separate issue, including the election of individual director.

The chairman of the Board invites the Company Secretary of the Company to give an explanation of the detailed procedures for conducting a poll at the commencement of the annual general meeting. The Company Secretary of the Company answers any questions from the shareholders of the Company regarding voting by way of a poll.

During the financial year ended 31st December, 2024, having reviewed the implementation and effectiveness of the Shareholders Communication Policy, the Company considered that the Shareholders Communication Policy continues to contribute an effective communication between the Company and the shareholders of the Company.

DIVIDEND POLICY

Below is the Dividend Policy of the Company (the "Dividend Policy"):

Objective

1. The Dividend Policy aims to set out the approach to achieve the intention of the Company to create long term value for the shareholders of the Company through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet the working capital requirements and capturing future growth opportunities.

Policy Statement

2. The Board may propose/declare the payment of dividend(s) after taking into account the current financial performance of the Company, the future financial requirements of the Company and any other factors the Board may deem relevant.

3. The Board may also decide on the frequency of dividend payment and further declare/recommend any special distributions.

4. The dividend(s) may be in the form of cash, shares, distribution in specie or any other form as the Board may determine.

5. The dividend payment shall be subject to any restrictions under the Companies Act, the Bye-Laws of the Company and any applicable laws, rules and regulations.

6. The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividends.

Review of the Dividend Policy

7. The Board will review the Dividend Policy from time to time to ensure the effectiveness of the Dividend Policy. The Board will update, amend and/or modify the Dividend Policy at any time in the interest of the Company and the shareholders of the Company.

CONSTITUTIONAL DOCUMENTS

Pursuant to the special resolution passed at the annual general meeting of the Company held on 27th May, 2024, the amendments to the Bye-laws of the Company were approved by the shareholders of the Company. Details of the amendments were set out in the Company's notice of annual general meeting and circular, both dated 9th April, 2024.

Saved as disclosed herein, there was no change to the Company's constitutional documents in 2024. The Company's constitutional documents are available on the website of the HKSE and the Company's website.

Environmental, Social and Governance Report

OVERVIEW

The Company is pleased to present the Environmental, Social and Governance ("ESG") Report ("this Report") for the year ended 31st December, 2024 (the "Reporting Year"). This Report summarises the policies, strategies, management approach and performance of the Group in fulfillment of the environmental and social responsibilities during the Reporting Year. This Report should be read in conjunction with the Company's 2024 Annual Report and the Corporate Governance Report contained therein.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "Reporting Code") set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with the four reporting principles of Materiality, Quantitative, Balance and Consistency.

REPORTING BOUNDARY

The Report covers the Group's business of manufacturing and marketing of mould bases and related products and its manufacturing and operating plants in Heyuan city, Guangdong Province, the People's Republic of China (the "PRC") ("Heyuan Plant") and Hangzhou city, Zhejiang Province, the PRC (together the "PRC Plants"), which represent the core operation and major source of revenue of the Group. During the Reporting Year, there was no significant change to the reporting boundary.

REPORTING PRINCIPLES

The Report adhered to the Reporting Guide and applied the four reporting principles of Materiality, Quantitative, Balance and Consistency.

Materiality

The content of this Report is determined through a systematic materiality assessment process, which include identifying ESG-related issues, assessing their materiality and relevance, preparing and validating the information reported and reviewing stakeholder feedback. Details of the key stakeholder engagement channels and materiality assessment are disclosed in the sections of "Stakeholder Engagement" and "Materiality Assessment".

Quantitative

In order to give a comprehensive understanding of the Group's ESG performance during the Reporting Year, the Group's ESG performance in current year relative to various quantitative Key Performance Indicator(s) ("KPI(s)"), with comparison to previous year, are disclosed in this Report. Information about the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used on these KPIs are stated wherever appropriate in this Report.

Balance

This Report aims to provide a balanced representation of the Group's ESG performance. The selected content aims to reflect impartially the impacts of the identified material ESG-related issues on the Group as well as the Group's involvement in addressing these impacts.

Consistency

As far as reasonably practicable, consistent methodologies are adopted when calculating the KPIs disclosed in this Report or any changes that may affect a meaningful comparison would be stated particularly in this Report.

ESG GOVERNANCE

The Group is committed to the long-term development of its business in a sustainable manner. The Group seeks to embed sustainable practices in its everyday operations and align sustainability goals with the Group's overall strategic direction. The Group is committed to conducting business operations in an ethical and responsible manner. The Group's corporate culture urges the employees to act with integrity and accountability. Thus, the Group has established a comprehensive ESG governance structure to assist the board of directors of the Company (the "Board") in supervising the ESG-related matters. The Group believes that a sound ESG governance is critical to enhance the Group's performance in sustainability development and to ensure the effective assessment and management of the ESG-related matters.

ESG governance structure

Board	● Takes ultimate responsibility for the Group's overall ESG vision and the long-term sustainable development directions and objectives ● Approves the Group's overall ESG policies and strategies ● Reviews the performance of the Group's ESG sustainable development ● Approves the Group's ESG report
Senior Management	● Formulates the Group's ESG policies, strategies and work plans/measures for the Board's approval ● Monitors the progress of implementation of the ESG-related work plans/measures ● Supervises and reviews the Group's ESG practices and proposes improvements to the Board ● Reviews the Group's ESG report and other ESG-related disclosures
Various Departments	● Collect data required for the ESG report ● Identify and report to the senior management on significant ESG issues ● Perform ESG risk management and internal monitoring ● Ensure effective implementation of the Group's sustainable development strategy and work plans/measures within the departments

Board Statement

The Board holds the ultimate responsibility in overseeing the management of the Group's sustainability issues. The Board considers sustainability issues as part of its strategic formulation and places strong emphasis in aligning the Group's business strategies to the Group's sustainability objectives.

The Board is also responsible for the overall risk management and internal control systems of the Group and for reviewing its effectiveness, which also covers the ESG-related risks to the Group's business. Risk management framework is in place to provide a consistent approach on the risk management processes, including identification, assessment, treatment and reporting of the potential risks identified affecting the key business processes of the Group.

During the Reporting Year, the senior management has assisted the Board in the evaluation of material ESG-related risks and opportunities to the Group's business. Appropriate ESG policies and strategies in dealing with the potential risks and opportunities have been formulated. The Board with the assistance from the senior management in fulfilling its oversight role in managing the Group's ESG matters.

Regarding the materiality assessment, the Group performs the following process to evaluate the materiality in ESG aspects:

1. Identification

   Identifies ESG topics by reference to the industry benchmarking and the Reporting Guide.

2. Prioritisation

   Determines the materiality of each ESG topic based on the importance of each ESG topic to the Group through internal discussion of the senior management. The senior management who possesses a high-level view of all the aspects, is asked to score the importance of each ESG topic.

3. Validation

   Ensures that the identified ESG topics are aligned with the sustainable development direction sought by the Group. Validates the results of materiality assessment and proper disclosures are made in the ESG report.

Through the process for materiality assessment, the Board can have better understanding the degree of importance to each ESG topic and would enable the Group to plan its sustainable development direction more comprehensively.

The Board sets the strategic goals and targets in medium-term for the coming three to five years which would enable the Group to develop a realistic ESG roadmap and focus on results of achieving the ESG visions.

The Board with the assistance from the senior management monitors the progress of implementation of the ESG-related work plans/measures and reviews the progress against ESG-related goals and targets. The Board would review carefully the attainability of the targets which should be weighed against the goals. The progress of target implementation and the performance of the goals and targets are closely reviewed from time to time. Rectification would be made if the progress falls short of expectation.

Looking forward, the Board will strengthen the work of ESG risk management and will commit to the responsibility of internal control of ESG-related risks in order to protect both the business development of the Group and the long-term interests of the stakeholders of the Company.

STAKEHOLDER ENGAGEMENT

The Group communicates regularly with key stakeholders through various channels in order to understand their different expectations and identifies the most material ESG aspects to be placed comparatively higher emphasis for reporting in this Report. While higher priority is given to the most material aspects, the Group will continue to monitor and report the other aspects in this Report in order to enhance the corporate transparency.

The table below presents the communication methods between the Group and the key stakeholders.

Stakeholders	Major Concerns	Engagement Methods
Investors	• Timely updates on financial performance and business strategies and opportunities	• Annual and interim financial reports • Annual general meeting • Announcements and disclosures • The Group's website
Employees	• Occupational health and safety • Fair employment practices	• Training and seminars • Face-to-face meetings • Annual performance appraisals • Corporate culture activities
Government and regulators	• Compliance with regulatory requirements	• Written correspondence • Ad-hoc calls and meetings
Customers	• Quality of products and services	• Customer visits • Customer assessment • Exhibitions • Customer hotline
Suppliers	• Fair and transparent business conduct • Continued engagement	• Factory visits • Supplier assessment • Quality and delivery reviews
Community	• Environmental protection • Job opportunity	• Community activities • Job Fairs

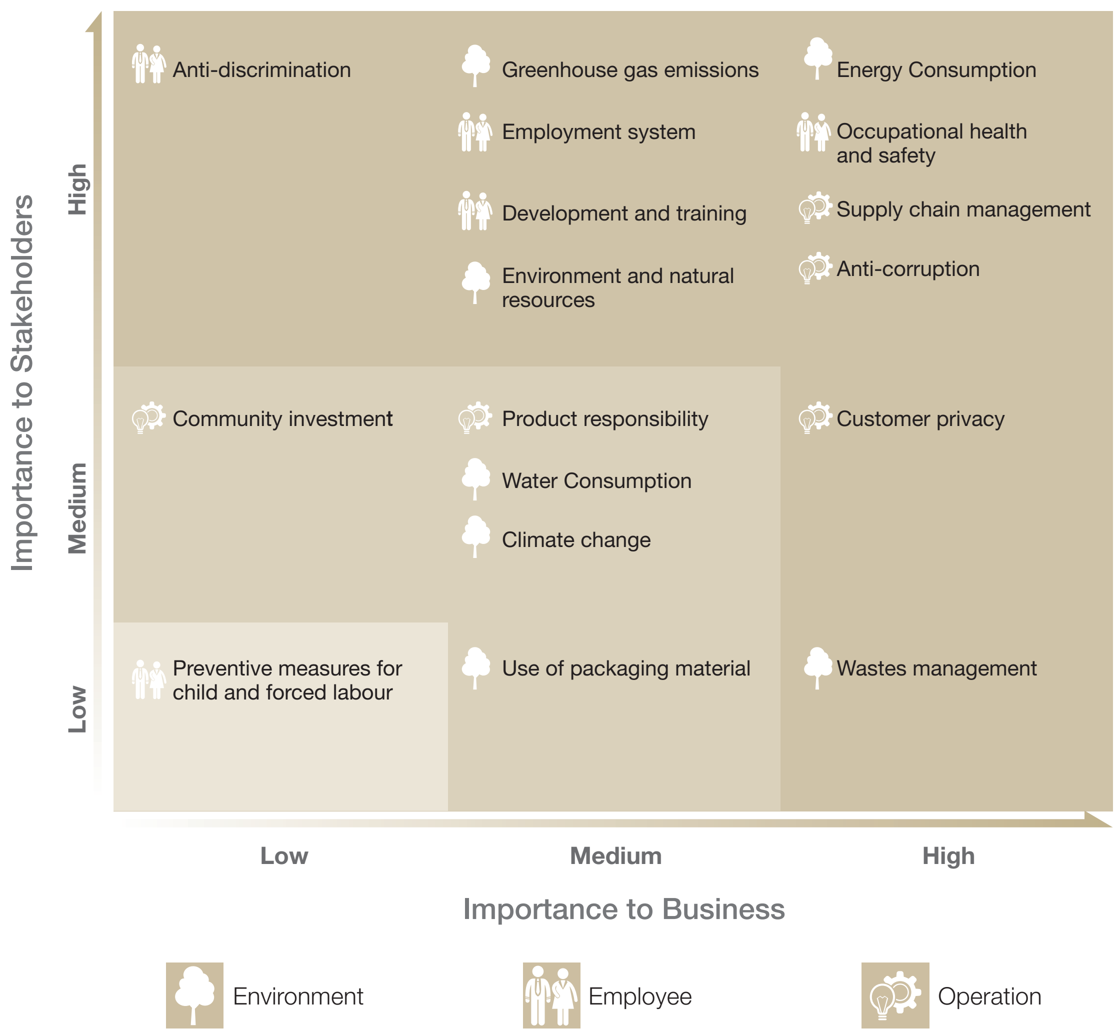
MATERIALITY ASSESSMENT

During the Reporting Year, the Group has evaluated the materiality in ESG aspects through the process of (1) identification of ESG topics by reference to the industry benchmarking and the Reporting Guide; (2) prioritization of ESG topics through the internal discussion with the senior management; and (3) validation of ESG topics.

There was no significant change in the ESG topics as there was no significant change in the Group's business scope.

The Group's materiality matrix for the Reporting Year is as follows:

Materiality Matrix



A. ENVIRONMENTAL

Aspect A1: Emissions

As one of the world's largest mould base manufacturers and the leader of the mould base industry in the PRC, the Group believes that it should not only lead the PRC mould base industry to the world but also lead the industry to be carried on in an environmentally responsible way. The Group believes that in the long run, due performance of environmental responsibility would definitely improve the effectiveness of the utilisation of the Group's resources and would raise the economic efficiency of the Group.

The PRC Plants abide by all the applicable environmental protection laws and regulations of the local government. The Group has established the environmental protection policies that include both emission reduction and energy-saving policies in order to minimize the impacts on the environment.

During the Reporting Year, the PRC Plants have followed the methods advised by the independent consultancy firm for conducting the measurements to the greenhouse gases ("GHG") emissions. Through the results of measurements, the PRC Plants have been able to realise the distributions of major GHG emissions. Thus, the PRC Plants could improve further the existing energy-saving and emission reducing policies and systems in managing and reducing the GHG emissions.

Due to the relative clean and simple in the manufacturing process of mould bases which involves no chemical reaction and the use of purchased electricity in the production operations and the facilities at the PRC Plants, the significant air emissions of the PRC Plants are the GHG emissions, arising from the use of purchased electricity derived from fossil fuels (i.e. the indirect emissions) while the using of diesel by lorries and forklifts, the using of natural gas at canteen kitchen, the using of gasoline by the corporate fleet and the using of methanol and propane in heat treatment process constitute the major direct emissions of the PRC Plants.

I. GHG Emissions*(Note 1)*:

Indicators	2024	2023
Direct emissions (Scope 1)*(Note 2)* (tonnes CO_2e)		
Diesel	**289**	299
Natural gas	**105**	95
Gasoline	**60**	68
Methanol and propane	**155**	173
Others	**32**	34
	641	669
Indirect emissions (Scope 2)*(Note 3)* (tonnes CO_2e)		
Purchased electricity	**60,691**	57,409
Total GHG emissions (tonnes CO_2e)	**61,332**	58,078
Total GHG emissions per floor area (tonnes CO_2e/m^2)	**0.19**	0.18

Notes:

1. The GHG emissions data is presented in carbon dioxide equivalent ("CO_2e") and was in conformance with ISO 14064–1:2006, "Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals". Due to the relative clean and simple in the manufacturing process of mould bases and related products which involves no chemical reaction, an emission factor quantitative method was adopted by using the relevant emission factors and global warming potential (GWP) provided by the "Intergovernmental Panel on Climate Change" (IPCC) to quantify the GHG emissions. The GHG inventory includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

2. During the Reporting Year, the breakdown of Scope 1 GHG emissions is as follows: carbon dioxide 605 tonnes (2023: 630 tonnes), methane 0.02 tonnes (2023: 0.02 tonnes), nitrous oxide 0.01 tonnes (2023: 0.02 tonnes), hydrofluorocarbons 0.05 tonnes (2023: 0.05 tonnes), perfluorocarbons Nil (2023: Nil) and sulphur hexafluoride Nil (2023: Nil).

3. Scope 2 GHG emissions data was quantified by using the emission factor from the "Area grid baseline emission factors in China in 2019".

During the Reporting Year, the main source of the PRC Plants' GHG emissions continued to be the indirect emissions caused by the PRC Plants' purchased electricity, and therefore, GHG emissions could be effectively reduced by saving electricity consumption. The PRC Plants have set the yearly targets in term of energy-saving and implemented various kinds of energy-saving measures to achieve the targets in term of energy-saving in order to mitigate GHG emissions. For details, please refer to the following section "Use of Resources".

II. Waste Management*(Note 1)*:

Indicators	**2024**	2023
Total hazardous wastes*(Note 2)* (tonnes)	**229**	227
Total hazardous wastes per floor area (tonnes/m^2)	**0.0007**	0.0007
Total non-hazardous wastes*(Note 3)* (tonnes)	**35,674**	33,281
Total non-hazardous wastes per floor area (tonnes/m^2)	**0.11**	0.10

Notes:

1. The PRC Plants have classified and collected wastes generated during the manufacturing process of mould bases according to the categories of recyclable and non-recyclable.

2. The PRC Plants refer to the Directory of National Hazardous Wastes, which has been formulated according to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, to identify those hazardous wastes generated in relation to the manufacturing process of mould bases. According to the classification of the Directory of National Hazardous Wastes, those hazardous wastes include spent mineral oil & waste contaminated with spent mineral oil, spent mineral oil-water emulsion and other waste etc.

3. The scrap generated in the manufacturing process of mould bases is recycled for sales.

The PRC Plants have standardized the management of hazardous wastes via standardizing the entire process of collection, transfer and disposal of hazardous wastes. The storage of hazardous wastes is strictly separated from the general industrial solid waste. The PRC Plants entrusted the qualified companies to handle the hazardous wastes and ensured that the relevant form for transferring hazardous wastes, as required according to the relevant environmental protection laws and regulations of the local government, should be prepared competently.

During the Reporting Year, the PRC Plants have no significant exhaust emission or waste water discharge during the manufacturing process of mould bases.

Aspect A2: Use of Resources

The PRC Plants have established the environmental protection, energy-saving and emission reducing policies and strived to integrate the environmental considerations into the daily operations. With the policies implemented in practice, an energy-saving taskforce has been set up at Heyuan Plant since 2010 to ensure the policy direction and effectiveness on environment protection. The taskforce was also responsible for the planning of the energy-saving and emission reducing solutions and supervising their implementations. The taskforce applied the energy-saving objectives into the workshops.

The PRC Plants continue to identify the potential and the approaches for energy-saving and reducing the amount of energy consumption. Heyuan Plant has conducted examinations on problems and insufficiencies in respect of energy usage and prepared it's first energy-saving planning report in 2011. Since then, Heyuan Plant has continued to prepare the corporate's energy-saving self-inspection reports and set target in term of energy-saving thereon. After the performing of an energy audit for assessing and improving energy efficiency in 2016, Heyuan Plant has implemented certain approaches for energy-saving and reducing the amount of energy consumption. Heyuan Plant has then set the yearly targets in term of energy-saving in order to cooperate with the local government at Heyuan city for fulfilment of it's energy conservation plan from time to time.

The PRC Plants have already formulated a series of energy management systems to raise the efficiency of energy usage. The PRC Plants continue to prepare the corporate's energy-saving self-inspection reports. Through these reports, the PRC Plants have been able to review the effectiveness of the implemented energy management systems.

I. Energy Consumption:

Indicators	**2024**	2023
Direct energy consumption*(Note)* (MWh)	**1,768**	1,779
Indirect energy consumption (MWh) Purchased electricity	**75,636**	71,526
Total energy consumption (MWh)	**77,405**	73,305
Total energy consumption per floor area (MWh/m^2)	**0.24**	0.23

Note:

The direct energy consumed by the PRC Plants include diesel (consumed by lorries and forklifts), natural gas (consumed by canteen kitchen) and gasoline (consumed by the corporate fleet). During the Reporting Year, the breakdown of the direct energy consumption is as follows: diesel 1,067 MWh (2023: 1,104 MWh), natural gas 481 MWh (2023: 422 MWh) and gasoline 220 MWh (2023: 253 MWh).

During the Reporting Year, the PRC Plants have adopted the following initiatives to achieve the target in term of energy-saving:

1. Use high-efficiency facilities to reduce electricity consumption;

2. Place waste separation bins to facilitate recycling incentives;

3. Promote environmental awareness among employees to save energy, water and natural resources and to reduce waste; and

4. Shut down equipment, electricity, water, gas and air-conditioning supply when they are not needed.

II. Water Consumption:

Indicators	2024	2023
Total water consumption (m^3)	**390,885**	513,441
Total water consumption per floor area (m^3/m^2)	**1.21**	1.59

During the Reporting Year, the PRC Plants have no issue in sourcing water that is fit for the purpose.

III. Packaging Material Used*(Notes 1 & 2)*:

Indicator	2024	2023
Total packaging material used (tonnes)	**918**	1,311

Notes:

1. The packaging materials used in the finished products by the PRC Plants include papers (corrugated paper boxes, paperboard etc.), plastic (expanded polyethylene, bubble film, stretch film etc.), wood (wooden crates etc.) and metal (nails etc.). During the Reporting Year, the breakdown of the packaging materials used is as follows: papers 3 tonnes (2023: 5 tonnes), plastic 145 tonnes (2023: 145 tonnes), wood 763 tonnes (2023: 1,142 tonnes) and metal 7 tonnes (2023: 19 tonnes).

2. Due to the various kind of products and the variety of the sizes of the custom-made mould bases, it is unlikely to provide the data of packaging material used per unit product for each kind of products.

The PRC Plants have placed great emphasis on the recycling of packaging materials and tried to minimise the total packaging materials used in order to reduce the generation of waste and save the cost of packaging materials.

Aspect A3: The Environment and Natural Resources

The PRC Plants continue to put environmental protection policies into practice as the Group believes that those energy-saving and emission reducing policies are not only environmentally friendly but also conducive to cost-saving. The Group also believes that those policies would eventually lead the Group to achieve sustainable development of the environment and the business of the Group.

During these years, the PRC Plants have adopted the energy-saving and emission reducing measures in relation to the cleaner production, such as the replacement of the energy-exhausting old machineries with the new machineries in order to increase the efficiency while saving the energy. Such measures have increased the efficiencies of both energy-saving and emission reduction and improved the working environment of the workshops.

In fact, the PRC Plants have already set up a cleaner production taskforce and have entrusted an independent environmental protection consultancy firm to assist the taskforce to conduct an examination about the cleaner production to Heyuan Plant. A cleaner production examination report, which concluded that the majority of the environmental protection proposals were implemented and the expected results achieved, was completed. The PRC Plants have continued to review the effectiveness of the measures implemented.

The Group is committed to minimising the environmental impact of the operations and by operating the businesses in ways that support sustainable use of the available natural resources. The Group strives to conserve energy and other valuable natural resources, to reduce waste and to participate in recycling and other environmental protection efforts. During the Reporting Year, there was no confirmed non-compliance incident or grievance in relation to the Group's business which had significant impact on the environment or natural resources.

The Group plans to further enhance the environmental performance through the following issues:

1. Use energy, water and materials more efficiently;

2. Reduce GHG emission and waste disposal;

3. Identify and manage environmental risks continuously;

4. Monitor and comply with new requirements of all applicable laws and regulations in relation to the environmental protection issues;

5. Increase recycling and reuse waste; and

6. Promote the employees' environmental awareness and education.

Aspect A4: Climate Change

The Group recognises that tackling climate change is a global consensus. The Group realises that climate change may affect the business operations and therefore, the Board has established relevant policies and procedures to identify, assess, monitor and manage the issues about climate change which are included in the ESG-related matters. Material climate-related risks would be identified and managed under the Group's risk management framework.

Increased frequency and severity of extreme weather events such as extreme cold or heat, heavy rainstorm, typhoons may disrupt operations by damaging the power grid, hampering and injuring employees on the way or during their work. The extreme weather events may interrupt business operations, damage the Group's assets and disrupt the supply chain. The Board identifies these potential risks, prioritises those with potential severe impacts and takes precautionary measures to mitigate or avoid these potential severe impacts.

In addition, there would have more stringent climate legislations and regulations to support global vision for carbon neutrality. Stricter environmental laws and regulations may expose an enterprise to higher risks of claims and lawsuits and the enterprise reputation may also decline due to failure to meet the compliance requirements for climate change. The related capital investment and compliance costs thus increase. In response to the legal risks as well as the reputation risks in respect of the climate change, the Group regularly monitors the existing and emerging trends, policies and regulations relevant to the climate change.

During the Reporting Year, the Group has not been significantly impacted by any climate-related risks.

B. SOCIAL

Employment and Labour Standards

Aspect B1: Employment

The Group respects its employees and endeavours to provide better working conditions for its employees. The Group has established various policies in relation to the labour practices including the remuneration and dismissal, recruitment and promotion, working hours, holidays, disciplinary practice, equal opportunity, diversity and other benefits and welfare so as to provide a fair, healthy and safe working environment for all employees and at the same time, to provide a system of control to the Group to reduce the exposure to any risk concerning labour issues. The Group will update the policies from time to time in order to align with the updates of the relevant rules and regulations of the PRC and the changing of the business environments.

For protecting the interests of employees, the Group executes the labour contracts with the employees according to the labour laws of the PRC. For providing better assurance to the employees, the Group pays social insurances for its employees. The holidays and the benefits and welfare entitled by the employees are not less than the rules and regulations specified by the labour laws of the PRC. The working hours for the employees are set in accordance with the rules and regulations specified by the labour laws and the labour contract laws of the PRC. The Group terminates the labour contracts with the employees in strict compliance with the labour laws and regulations of the PRC.

The Group provides equal opportunity for employees in respect of promotion, appraisal, training, development and other aspects in order to build up a sound career platform for employees. The Group bases on the principles of fairness, equality and objectivity to establish an assessment system and promotion mechanism. Talents are identified through the specific processes under the system and mechanism.

As at 31st December, 2024, the PRC Plants had a total of 2,832 (2023: 2,761) employees, including the employees stationed in the PRC Plants.

I. **Workforce:**

Indicators	2024	2023
Total number of employees	**2,832**	2,761
Number and rate (%) of employees:		
By gender		
Male	**2,411 (85%)**	2,381 (86%)
Female	**421 (15%)**	380 (14%)
By age group		
Under 30	**303 (11%)**	277 (10%)
30–50	**2,195 (77%)**	2,258 (82%)
Over 50	**334 (12%)**	226 (8%)

II. **Employee Turnover:**

Indicators	2024	2023
Total number and rate (%) of employee turnover	**526 (16%)**	383 (12%)
Number and rate (%) of employee turnover:		
By gender		
Male	**458 (16%)**	307 (11%)
Female	**68 (14%)**	76 (17%)
By age group		
Under 30	**166 (35%)**	115 (29%)
30–50	**324 (13%)**	261 (10%)
Over 50	**36 (10%)**	7 (3%)

Aspect B2: Health and Safety

The Group aims at providing a safe working environment for its employees and protecting its employees from occupational hazards. These safety objectives apply not only to the Group but also to the Group's business partners, contractors and all others working with the Group. For realizing these objectives, it relies on the cooperation of the employees from all levels within the Group including the management and the supports from the Group's business partners, contractors and all others working with the Group. In this connection, the Group has requested the contractors and all others working within the areas of the PRC Plants to execute the production safety and responsibility agreements, clarifying the responsibilities of both parties in respect of the safety production, in order to protect the health and safety of those working in the various plants of the Group.

The Group is committed to achieving a high standard of occupational health and safety and maintains the good records for these areas. The Group believes that being a conglomerate with the greatest concern for its employees would gain the supports from the employees, customers and the other stakeholders. The Group has established the occupational health and safety policies that strictly comply with the laws and regulations of the PRC.

The Group organizes occupational health and safety education and training for their employees. Employees are educated continuously to raise their occupational health and safety knowledge and awareness and their emergency response capabilities. The Group monitors regularly the workplace and the personal safety facilities provided to the employees in order to timely detect any potential safety risk and to correct all improper actions. They should ensure that all production processes and activities should be carried under the safety and health management.

I. Work-related fatalities*(Note)*:

Indicators	2024	2023	2022
Number of employee	**1**	0	0
Rate (%)	**0.04**	0	0

Note:

"Work-related fatalities" are commonly called "occupational deaths/fatalities" and are defined as the deaths that occur while the person are at work or performing work related tasks. In 2023, the Human Resources and Social Security Bureau at Heyuan city has concluded the death of an employee who encountered a traffic accident on his way home from work as "work-related fatality". As the death of the aforesaid employee was not under the abovementioned definition of "work-related fatalities", the case was not treated as "work-related fatalities" in this section.

II. Lost days due to work injury*(Note)*:

Indicators	2024	2023
Number of lost days	**2,466**	2,947

Note:

Lost days due to work injury is defined as the number of man-days that cannot be worked as a consequence of an employee being unable to perform their usual work because of an occupational disease or incident. A man-day refers to 8 working hours.

Aspect B3: Development and Training

The Group encourages its employees to exert their potential and to align their personal developments with the growth of the Group, so as to promote mutual development between individual employee and the Group. The Group has established various policies in relation to the employees' education and training so as to ensure that employees pursue continuous self-development in line with the Group's business needs.

The Group has established a set of training system and process including “induction training”, “vocational technical training” and “management skill training” in order to improve the overall quality and professional skills of the employees. New employees must participate in the “induction training”, which includes the training topics of the Group’s goals and policies, corporate culture, production safety, necessary skills etc. The “vocational technical training” aims to provide and strengthen the employees’ professional skills specific to their job positions, production safety awareness, personal communication skills etc. The “management skill training” aims to enhance the daily management capability of the employees at the management level. The training content is evaluated from time to time in order to maintain the effectiveness of the trainings.

During the Reporting Year, the employees at the PRC Plants received a total of 49,010 hours (2023: 34,360 hours) of training.

Indicators	**2024**	2023
Overall average hours of training per employee and percentage (%) of employees who received training	**17 hours (99%)**	12 hours (99%)
Average hours of training per employee and percentage (%) of employees who received training:		
By gender		
Male	**17 hours (99%)**	12 hours (99%)
Female	**21 hours (98%)**	14 hours (98%)
By employee category		
Senior management	**3 hours (85%)**	2 hours (82%)
Middle management	**10 hours (100%)**	7 hours (100%)
General staff	**18 hours (99%)**	13 hours (99%)

Aspect B4: Labour Standards

The Group implements its labour standards in strict compliance with the labour laws and regulations of the PRC. The Group maintains strict recruitment process to avoid cases of child labour and forced labour to be occurred. The Group implements the labour standards as well as the recruitment process in strict compliance with the rules and regulations of the PRC.

Operating Practices

Aspect B5: Supply Chain Management

The Group works with the suppliers with the same objectives and develops mutually-successful working relationships with the key suppliers. The Group strictly follows its policies and standards, which are constructed under the Group’s corporate culture of integrity, and professional standard in the selection of suppliers and purchasing process. Although the cost of purchasing is a major consideration in selecting suppliers, the Group also considers the suppliers’ corporate social responsibility performances, including the suppliers’ performances on the aspects of legal and regulatory compliance, business ethics, labour practices and environmental protection etc.

The Board has established relevant policies and procedures to identify, assess, monitor and manage the issues about environmental and social risks of the supply chain which is included in the ESG-related matters. Material environmental and social risks along the supply chain would be identified and managed under the Group’s risk management framework. In order to fulfil the Group’s environmental and social responsibilities, the Group has not only implemented relevant policies regulating its practices in daily operations but also given attention to the mitigation of the environmental and social risks that may affect the supply chain.

During the Reporting Year, the PRC Plants had 82 (2023: 64) key suppliers.

Indicators	2024	2023
Total number of key suppliers[Note]	**82**	64
Number of key suppliers:		
By region		
Asia excluding Hong Kong and Mainland China	**8**	7
Europe	**4**	2
Hong Kong and Mainland China	**70**	55

Note:

Key supplier is defined as supplier of products and/or services to the PRC Plants whose purchase sum exceeded HK$1 million.

The Group has implemented a set of guidelines for the supply chain management, which is available on the Group's information portal for internal use. The purposes of the set of guidelines are not only for unifying the selection of suppliers and purchasing process but also for ensuring transparency in the selection of suppliers and purchasing process to guard against bribery and corruption. In this connection, the PRC Plants have requested all the suppliers and the out-sourcing parties to execute the anti-bribery confirmation, urging them not to provide any benefits to the employees of the Group. The selection of suppliers is subject to a series of internal assessments and approval processes and supervised by the Internal Audit Department. The Group shall review the set of guidelines from time to time in order to further strengthen the supply chain management.

The Group has adopted a system in its supply chain management to centralize the purchase of materials, tools and machineries required by the Group. The Group has monitored closely the inventories of the materials and tools and constantly analyzed the consumption of the materials and tools. The Group has maintained a supplier list, which is evaluated and updated regularly. To enhance the effectiveness and efficiency of procurement, the PRC Plants have adopted the approach to manage and evaluate the suppliers before, during and after the engagement of suppliers by performing onsite inspections regularly to assess the background and competence of the suppliers based on factors including the suppliers' reputation, service/product quality, environmental management system, quality management system, production and technical capacities and the status of fulfilment of compliance obligations etc. With these measures, the Group manages its supply chain smoothly.

The Group strives to support the environmental and social initiatives in the supply chain as the stakeholders become more concerned about the environmental issues and stress the importance of using environmental-friendly materials. The PRC Plants have priority in purchasing products with greater energy efficiency, reusable and recyclable capacity in order to minimise the impacts on the environment and society.

Aspect B6: Product Responsibility

The Group aims at providing its customers with the qualified products as the Group understands that product quality is fundamental to the brand reputation and sustainable development of the Group. The Group has formulated its internal policies and procedures in accordance with the relevant rules and regulations in relation to health and safety, advertising, labelling and privacy matters with respect to its products. Thus, the PRC Plants have implemented the effective quality management systems, which have obtained ISO 9001:2015 certification, to control strictly the manufacturing processes of its products and the product quality. All products are manufactured according to the specified procedures and are required to undergo a thorough quality inspection process in order to assure the products quality. Meanwhile, the PRC Plants have carried out sampling inspection on the products to ensure that the products have met the requirements of safety manufacturing standards.

The Group has maintained the customer service team to handle the enquiries about the products from the customers. The customer service team handles the customers' feedback and complaints according to the stated procedures. If any complaint is received, the Group will conduct an investigation, follow up and feedback to the customer to ensure that the complaint is being effectively handled. Meanwhile, the Group will conduct in-house reviews to prevent the occurrence of similar incidents. The PRC Plants strictly follow the formal complaint mechanism to handle all cases in a fair and systematic manner. During the Reporting Year, the number of complaints received by the PRC Plants amounted to 672 (2023: 447). They were mainly related to generic product functionality issues and were promptly handled.

During the Reporting Year, no products were subject to recalls for safety and health reasons.

Considering the intellectual property as its intangible and valuable assets, the Group believes that the protection of the intellectual property rights is pivotal to the Group's sustainable business development. The Group manages and protects its intellectual property rights through registration, maintenance and enforcement measures. The Group has made registrations for its trademarks in many countries over the world. Amongst others, the Group's famous trademark LKM® has been registered in more than 20 countries over the world. The Group would not tolerate any infringement of its intellectual property rights and would take legal action against such infringement.

As a renowned brand in the mould base industry in the PRC, the Group has established the internal policies to regulate the practice in brand promotion, marketing and planning, any misrepresentation made in marketing materials or exaggeration of offerings is strictly prohibited by the Group. For any marketing and promotional activities, the PRC Plants ensure that relevant activities observe applicable rules and regulations in the PRC. No false nor misleading contents shall be contained in any advertisement.

Data protection and security is considered to be crucial to the Group's long term business development and corporate reputation.

The data from the customers is strictly managed and protected by the Group in order to ensure the customers' privacy and confidentiality. The Group has formulated its internal policies and strictly followed the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.

The PRC Plants endeavours to maintain a secure environment for safeguarding all information collected. For instance, the Group's servers and computers being protected with access passwords to prevent unauthorised access and possible information leakage. Besides, employees are made aware of their responsibilities to respect the privacy of customers and to protect any customer data from external parties.

During the Reporting Year, the PRC Plants did not encounter any breached of customer privacy or loss of customer data or any private information leakage.

Aspect B7: Anti-corruption

The Group's corporate culture is the important part of the Group's operating practices and the key components of the Group's corporate governance framework. It provides the guiding principles for the employees to perform justifiably and behave with integrity, uprightness and honesty. The Group's corporate culture puts all employees under stringent obligations as to the manner to which they should deal with the issues of bribery, conflicts of interest and compliance with the Group's policies and practices etc. Details of the Group's corporate culture are included in an employee's handbook distributed to each employee joining the Group. The handbook is also available on the Group's information portal for internal reference. The Group has provided anti-corruption training for the employees in order to reinforce their awareness of the Group's ethical standards. Seminars related to anti-corruption are held regularly for the Board and the employees and enhance their awareness against corruption and bribery.

The Group does not only require all its employees to behave with integrity but also requests its suppliers and business partners to observe the same ethical standards. The Group requests the suppliers and business partners to execute the anti-bribery confirmation for urging them not to provide any benefits to the employees of the Group. The Group also prohibits all its employees from taking advantages of their powers and authorities for personal interests. The Group treats the issues on bribery, extortion, fraud and money laundering very seriously and complies with the laws of the place where the business of the Group carries on, to report the issues to the relevant Government authorities.

The Group maintains a whistle blowing policy. A set of comprehensive procedures allow whistleblowers to report any actual or suspected occurrence of misconduct, malpractice or irregularity through a confidential reporting channel. All the reported cases would be investigated in a fair and proper manner by the Internal Audit Department of the Group. The Internal Audit Department classifies the reported cases according to their natures and reports the cases directly to the Board or the Audit Committee of the Group. The investigation reports of the reported cases are sent to the Audit Committee of the Group on a regular basis for review.

During the Reporting Year, there was no legal cases regarding corrupt practices brought against the PRC Plants or its employees and the Group was not aware of any non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

Community

Aspect B8: Community Investment

The Group is guided by its corporate culture of being a responsible business. The Group aims to achieve its business objectives within a framework of ethics and high standards, taking into account the needs of the communities in which the Group operates.

Most investments of the Group at the PRC Plants have lasted for more than a decade. The employees and the assets of the Group are firmly embedded in the communities of such places. The businesses of the Group are closely intertwined with the social well-being of such communities. Thus, the Group places priority in creating value for the communities and make the meaningful contributions to the communities. The Group considers the unemployment rates of the local communities of the PRC Plants and places priority for recruiting candidates from the local communities in order to relief the local employment pressure. The Group has actively involved in the local community greening construction in order to support the environmental protection policies of the local government.

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. Its subsidiaries are principally engaged in the manufacturing and marketing of mould bases and related products. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

There were no significant change to the Group's principal activities during the current year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31st December, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 57.

An interim dividend of HK5 cents per share amounting to HK$31,584,000 was paid to shareholders during the year.

The directors now recommend the payment of a final dividend of HK6 cents per share amounting to HK$37,901,000 and a final special dividend of HK12 cents per share amounting to HK$75,802,000 to shareholders registered on the register of members on 28th May, 2025.

BUSINESS REVIEW

A business review of the Group for the year ended 31st December, 2024 and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are shown in the "Chairman's Statement" and the "Management Discussion and Analysis" sections of this annual report. The capital risk management and the financial risk management objectives and policies of the Group are set out in notes 28 and 29 respectively to the consolidated financial statements. An analysis of the Group's performance using financial key performance indicators is shown in the "Five-Year Financial Summary" section of this annual report.

The Group has complied with the relevant laws and regulations, which have significant impact on the Group's operation during the year. Details of the Group's compliance are set out in the "Corporate Governance Report" and the "Environmental, Social and Governance Report" sections of this annual report.

Discussions on the Group's environmental policies and performance, relationships with its employees, suppliers and customers are set out in the "Environmental, Social and Governance Report" section of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 118.

INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2024 were revalued by an independent firm of qualified professional property valuers. The revaluation decrease of HK$5,500,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income. Details of the movements in the investment properties of the Group during the year are set out in note 14 to the consolidated financial statements. Details of the major investment properties held by the Group at 31st December, 2024 are set out on page 119.

PROPERTY, PLANT AND EQUIPMENT

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES OF THE COMPANY

The amount of the Company's reserves available for distribution to shareholders as at 31st December, 2024 represented the retained profits of HK$246,356,000.

MAJOR CUSTOMERS AND SUPPLIERS

Since the Group has a very wide customer base, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total revenue for the year.

The Group's largest supplier contributed 36% to the total purchases for the year while the Group's five largest suppliers accounted for 62% of the total purchases for the year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors
Mr. Siu Tit Lung (Chairman)
Mr. Siu Yuk Lung (Managing Director)
Mr. Wai Lung Shing
Mr. Ting Chung Ho
Mr. Siu Yuk Tung, Ivan
Mr. Siu Yu Hang, Leo

Independent non-executive directors
Dr. Lee Tat Yee
Mr. Wong Hak Kun
Ms. He Lamei
Mr. Lee Joo Hai (resigned on 31st December, 2024)

In accordance with Bye-laws 87(1) and 169(2) of the Company's Bye-Laws, Mr. Siu Tit Lung, Mr. Siu Yu Hang, Leo and Ms. He Lamei retire from office by rotation and, being eligible, offer themselves for re-election.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BRIEF DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Siu Tit Lung, aged 74, has been an executive director and the chairman of the Company since December 1992 and is a co-founder of the Group. He is a director of certain subsidiaries of the Company. He is also a director of Pan Island Investments Limited, the substantial shareholder of the Company. Mr. Siu has many years of experience in metal trading and mould base manufacturing. He was awarded the Young Industrialist Award of Hong Kong in 1993. He is also an honorary citizen of Heyuan City, Guangdong Province in the PRC. Mr. Siu is the elder brother of Mr. Siu Yuk Lung, the father of Mr. Siu Yuk Tung, Ivan and the uncle of Mr. Siu Yu Hang, Leo.

Mr. Siu Yuk Lung, aged 71, has been an executive director and the managing director of the Company since December 1992 and is a co-founder of the Group. He is a director of certain subsidiaries of the Company. He is also a director of Pan Island Investments Limited, the substantial shareholder of the Company. Mr. Siu has many years of experience in metal trading and mould base manufacturing. He is an honorary citizen of Heyuan City, Guangdong Province in the PRC. Mr. Siu is the younger brother of Mr. Siu Tit Lung, the father of Mr. Siu Yu Hang, Leo and the uncle of Mr. Siu Yuk Tung, Ivan.

Mr. Wai Lung Shing, aged 63, has been an executive director of the Company since December 1992. He is the company secretary of the Company. He is also a director and a company secretary of certain subsidiaries of the Company. Mr. Wai graduated from the Hong Kong Polytechnic University with a Bachelor of Arts (Hons.) Degree in Accountancy and from The University of Warwick, United Kingdom with a Master of Business Administration Degree. He is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, United Kingdom and The Hong Kong Institute of Directors. He is also a member of the Institute of Chartered Accountants in England and Wales and the Chinese Institute of Certified Public Accountants. He has extensive experience in accounting, finance and management with both international accounting firms and commercial organisations.

Mr. Ting Chung Ho, aged 71, joined the Group in March 2000 as a general manager of a subsidiary of the Company in the PRC and has been appointed as an executive director of the Company since April 2008 and is also a director of certain subsidiaries of the Company. Mr. Ting has many years of experience in enterprise operation and management. Mr. Ting graduated from the Hong Kong Metropolitan University with a Master of Business Administration Degree and a Master of Laws in Chinese Business Law. He is a fellow of The Hong Kong Institute of Directors.

Mr. Siu Yuk Tung, Ivan, aged 45, joined the Group in October 2004 as an assistant general manager of a subsidiary of the Company and has been appointed as an executive director of the Company since January 2017 and is also a director of certain subsidiaries of the Company. Mr. Siu graduated from The University of Warwick, United Kingdom with a Bachelor of Engineering Degree in Mechanical Engineering. He is a member of The Hong Kong Institute of Directors. He worked in a sizeable organization prior to joining the Group in October 2004 and has substantial experience in business management and operation. Mr. Siu is a son of Mr. Siu Tit Lung, a nephew of Mr. Siu Yuk Lung and a cousin of Mr. Siu Yu Hang, Leo.

Mr. Siu Yu Hang, Leo, aged 45, joined the Group in July 2008 as an assistant to director of the Company and has been appointed as an executive director of the Company since January 2017 and is also a director of certain subsidiaries of the Company. Mr. Siu graduated from the University College London, United Kingdom with a Bachelor of Science Degree in Mathematics with Economics and from the University of Cambridge, United Kingdom with a Certificate of Advanced Studies in Mathematics. He is a member of The Hong Kong Institute of Directors. He worked in an international financial institution prior to joining the Group in July 2008 and has substantial experience in business management and operation. Mr. Siu is a son of Mr. Siu Yuk Lung, a nephew of Mr. Siu Tit Lung and a cousin of Mr. Siu Yuk Tung, Ivan.

Independent non-executive directors

Dr. Lee Tat Yee, aged 77, has been an independent non-executive director of the Company since December 1992. He is the chairman of the Remuneration Committee of the Company. Dr. Lee obtained his doctorate degree from the University of Queensland, Australia and is a Chartered Engineer of the Engineering Council in the United Kingdom. He is a fellow of The Hong Kong Institute of Directors. Dr. Lee was a director of the Technology Support Centre of The University of Hong Kong specialising in quality assurance management systems and retired.

Mr. Wong Hak Kun, aged 68, has been appointed as an independent non-executive director of the Company since June 2018. He is the chairman of the Audit Committee of the Company. Mr. Wong graduated from The University of Hong Kong with a Bachelor Degree in Social Sciences. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, United Kingdom, the Chartered Institute of Management Accountants, United Kingdom and the Chartered Governance Institute, United Kingdom. He is also a fellow of The Hong Kong Institute of Directors. Mr. Wong was the Managing Partner of Deloitte China's ("Deloitte") Audit and Assurance practice before his retirement from Deloitte. He has extensive experience in audit, assurance and management. Mr. Wong is an independent non-executive director of Yue Yuen Industrial (Holdings) Limited and Hangzhou SF Intra-City Industrial Co., Ltd., which are all listed on the main board of The Stock Exchange of Hong Kong Limited ("HKSE"). He is also an independent non-executive director of Guangzhou Automobile Group Co., Ltd., which is listed both on the main board of HKSE and Shanghai Stock Exchange ("SSE"), Haier Smart Home Co., Ltd., which is listed on the main board of HKSE, SSE and Frankfurt Stock Exchange. Save as disclosed above, Mr. Wong did not hold other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. He Lamei, aged 56, has been appointed as an independent non-executive director of the Company since March 2022. She is the chairman of the Nomination Committee of the Company. Ms. He graduated from The University of Ibaraki, Japan with a Bachelor Degree in Social Sciences and from the Hong Kong Metropolitan University with a Master of Business Administration Degree. She has many years of experience in steel manufacturing and trading. Ms. He is a member of The Hong Kong Institute of Directors.

DIRECTORS' INTERESTS IN SHARES

As at 31st December, 2024, the directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

Interests in the Company

		Number of shares held				Percentage of Company's
Name of director	Capacity	Personal interests	Family interests	Other interests	Total interests	issued share capital
Siu Tit Lung *(Notes 1 and 2)*	Beneficial owner, interests jointly with another person and founder of discretionary trust	41,161,444	–	366,210,937	407,372,381	64.49%
Siu Yuk Lung *(Notes 1 and 2)*	Beneficial owner, interests jointly with another person and founder of discretionary trust	41,161,444	–	366,210,937	407,372,381	64.49%
Wai Lung Shing	Beneficial owner	3,843,750	–	–	3,843,750	0.61%
Ting Chung Ho	Beneficial owner	720,000	–	–	720,000	0.11%
Siu Yuk Tung, Ivan *(Note 2)*	Beneficial owner and beneficiary of a trust	80,000	–	366,210,937	366,290,937	57.99%
Siu Yu Hang, Leo *(Notes 2 and 3)*	Interest of child or spouse and beneficiary of a trust	–	1,096,000	366,210,937	367,306,937	58.15%
Lee Tat Yee	Beneficial owner	150,000	–	–	150,000	0.02%
Lee Joo Hai *(Note 4)*	Beneficial owner	300,000	–	–	300,000	0.05%

Notes:

1. Messrs. Siu Tit Lung and Siu Yuk Lung jointly held 35,851,288 shares in the Company and each owned a further 5,310,156 shares in the Company registered in their own names.

2. Pan Island Investments Limited, which is wholly-owned by a discretionary trust of which the family members of Messrs. Siu Tit Lung and Siu Yuk Lung are beneficiaries (including Messrs. Siu Yuk Tung, Ivan and Siu Yu Hang, Leo), held 366,210,937 shares in the Company.

3. Mr. Siu Yu Hang, Leo and his spouse jointly held 1,096,000 shares in the Company.

4. Mr. Lee Joo Hai resigned on 31st December, 2024.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Company, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st December, 2024.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2024, the following persons (other than directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares/ underlying shares held	Percentage of Company's issued share capital
Pan Island Investments Limited	Beneficial owner	366,210,937 *(Note)*	57.97%
HSBC International Trustee Limited	Trustee	366,514,990 *(Note)*	58.02%
David Michael Webb	Beneficial owner and interest of a controlled corporation	37,938,498	6.00%

Note: HSBC International Trustee Limited, in its capacity as a trustee of a trust, controlled Pan Island Investments Limited and therefore was deemed to be interested in the shares of the Company in which Pan Island Investments Limited was interested. Accordingly, the 366,210,937 shares of the Company in which Pan Island Investments Limited was interested were duplicated with the interests attributed to HSBC International Trustee Limited.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31st December, 2024.

SHARE OPTIONS

Details of the Company's share option scheme and movement of the share options of the Company during the year are set out in note 26 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN ANY TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law 166(1) of the Company's Bye-Laws, directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by or about the execution of their duty in their offices or in relation thereto.

The Company has arranged appropriate directors' liability insurance coverage for the directors of the Company throughout the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreement during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Throughout the year ended 31st December, 2024 until the date of this report, based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital is held by the public.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or Laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The Remuneration Committee reviews the Group's emolument policy and structure for remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted the new share option scheme in 2022. Details of the scheme are set out in note 26 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules throughout the year.

Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" section of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company received, from each of the independent non-executive directors, Dr. Lee Tat Yee, Mr. Lee Joo Hai, Mr. Wong Hak Kun and Ms. He Lamei, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee assessed the independence of the independent non-executive directors and affirmed that all independent non-executive directors remained independent.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Siu Yuk Lung
Managing Director

Hong Kong, China, 21st March, 2025

Deloitte. 德勤

TO THE MEMBERS OF LUNG KEE GROUP HOLDINGS LIMITED
龍記集團控股有限公司
(FORMERLY KNOWN AS LUNG KEE (BERMUDA) HOLDINGS LIMITED
龍記(百慕達)集團有限公司)
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Lung Kee Group Holdings Limited (formerly known as Lung Kee (Bermuda) Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 57 to 117, which comprise the consolidated statement of financial position as at 31st December, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current year. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Allowance for raw materials	
We identified the allowance for raw materials as a key audit matter due to the significance of the carrying amount of raw materials to the consolidated statement of financial position as a whole and the management judgment involved in the determination of the allowance based on their industry knowledge and experiences. Management identifies slow-moving raw materials and estimates the amount of allowance for raw materials with reference to the aging information, subsequent sales and usage, the latest market prices of raw materials and the actual or estimated selling price and profitability of the produced products. As at 31st December, 2024, the Group has raw materials with an aggregate carrying amount of HK$390,703,000 (net of allowance of HK$22,073,000). Details of the Group's inventories are set out in notes 4 and 18 to the consolidated financial statements.	Our procedures in relation to assessing the appropriateness of the allowance for raw materials included: • Obtaining an understanding of how allowance for raw materials is estimated by management and the major assumptions and estimation made in assessing the net realisable values; • Evaluating the reasonableness of the allowance of slow-moving raw materials identified by the management with reference to the aging information, subsequent sales and usage of raw materials; • Tracing the amounts of subsequent usage of raw materials, on a sample basis, to underlying supporting documents; and • Checking the subsequent selling prices and profitability of the produced products, on a sample basis, to the relevant supporting information.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Tung Wai Lung Ricky.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21st March, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2024

	NOTES	**2024** **HK$'000**	2023 HK$'000
Revenue	5	**1,553,244**	1,449,340
Other income, gains and losses	7	**14,438**	25,825
Decrease in fair value of investment properties, net	14	**(5,500)**	(8,500)
Impairment losses recognised under expected credit loss model, net		**(933)**	(1,037)
Changes in inventories of finished goods and work in progress		**(15,274)**	(7,823)
Raw materials and consumables used		**(586,284)**	(627,291)
Employee benefits expenses		**(427,494)**	(411,454)
Depreciation of property, plant and equipment		**(162,066)**	(163,263)
Depreciation of right-of-use assets		**(5,591)**	(5,816)
Other expenses	9	**(383,616)**	(362,189)
Interest expense on lease liabilities		**(281)**	(406)
Loss before taxation		**(19,357)**	(112,614)
Income tax credit	10	**5,684**	40,183
Loss for the year	11	**(13,673)**	(72,431)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations		**(48,814)**	(44,354)
Reclassification of exchange difference upon deregistration of a subsidiary	32	**–**	(1,672)
Other comprehensive expense for the year		**(48,814)**	(46,026)
Total comprehensive expense for the year		**(62,487)**	(118,457)
		HK cents	HK cents
Loss per share	13		
— Basic		**(2.16)**	(11.47)
— Diluted		**(2.16)**	(11.47)

Consolidated Statement of Financial Position

At 31st December, 2024

	NOTES	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	14	**161,000**	166,500
Property, plant and equipment	15	**525,207**	655,982
Right-of-use assets	16	**64,663**	67,055
Deposits paid for acquisition of property, plant and equipment		**10,079**	23,580
Deferred tax assets	17	**48,192**	43,422
		809,141	956,539
Current assets			
Inventories	18	**460,469**	530,511
Trade, bills and other receivables	19	**155,368**	177,177
Bank balances and cash	20	**546,648**	428,758
		1,162,485	1,136,446
Current liabilities			
Trade and other payables	21	**142,247**	128,073
Contract liabilities	22	**21,629**	26,931
Lease liabilities	23	**3,899**	3,307
Taxation payable		**33,365**	34,684
Dividend payable		**336**	310
		201,476	193,305
Net current assets		**961,009**	943,141
Total assets less current liabilities		**1,770,150**	1,899,680
Non-current liabilities			
Deferred tax liabilities	17	**9,893**	11,109
Lease liabilities	23	**3,932**	3,258
Other payables	21	**82,782**	86,551
		96,607	100,918
Net assets		**1,673,543**	1,798,762

Consolidated Statement of Financial Position

At 31st December, 2024

	NOTE	**2024** **HK$'000**	2023 HK$'000
CAPITAL AND RESERVES			
Share capital	25	**63,168**	63,168
Reserves		**1,610,375**	1,735,594
Total equity		**1,673,543**	1,798,762

The consolidated financial statements on pages 57 to 117 were approved and authorised for issue by the Board of Directors on 21st March, 2025 and are signed on its behalf by:

Siu Tit Lung
Executive Director and Chairman

Siu Yuk Lung
Executive Director and Managing Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2024

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Translation reserve HK$'000	Share-based payments reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1st January, 2023	63,168	156,213	339,837	216,778	–	1,210,585	1,986,581
Loss for the year	–	–	–	–	–	(72,431)	(72,431)
Other comprehensive expense for the year							
Exchange difference arising on translation of foreign operations	–	–	–	(44,354)	–	–	(44,354)
Reclassification of exchange difference upon deregistration of a subsidiary	–	–	–	(1,672)	–	–	(1,672)
Total comprehensive expense for the year	–	–	–	(46,026)	–	(72,431)	(118,457)
Final dividend for the year ended 31st December, 2022 (note 12)	–	–	–	–	–	(37,901)	(37,901)
Interim dividend for the year ended 31st December, 2023 (note 12)	–	–	–	–	–	(31,584)	(31,584)
Transfer upon deregistration of a subsidiary	–	–	(5,002)	–	–	5,002	–
Recognition of equity-settled share-based payments (note 26)	–	–	–	–	123	–	123
At 31st December, 2023	63,168	156,213	334,835	170,752	123	1,073,671	1,798,762
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(13,673)**	**(13,673)**
Other comprehensive expense for the year							
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**(48,814)**	**–**	**–**	**(48,814)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(48,814)**	**–**	**(13,673)**	**(62,487)**
Final dividend for the year ended 31st December, 2023 (note 12)	**–**	**–**	**–**	**–**	**–**	**(31,584)**	**(31,584)**
Interim dividend for the year ended 31st December, 2024 (note 12)	**–**	**–**	**–**	**–**	**–**	**(31,584)**	**(31,584)**
Recognition of equity-settled share-based payments (note 26)	**–**	**–**	**–**	**–**	**436**	**–**	**436**
At 31st December, 2024	**63,168**	**156,213**	**334,835**	**121,938**	**559**	**996,830**	**1,673,543**

Note: At 31st December, 2024 and 2023, included in the Group's statutory reserve is the statutory reserve fund of the subsidiaries of the Company established in the People's Republic of China (the "PRC"). In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC, to the statutory reserve until such reserve balance reaches 50% of the registered capital.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(19,357)**	(112,614)
Adjustments for:		
Depreciation of property, plant and equipment	**162,066**	163,263
Depreciation of right-of-use assets	**5,591**	5,816
Decrease in fair value of investment properties, net	**5,500**	8,500
Gain on deregistration of a subsidiary	**—**	(1,672)
Gain on disposal of property, plant and equipment	**(2,614)**	(6,164)
Impairment losses recognised under expected credit loss model, net	**933**	1,037
Interest income	**(8,167)**	(8,370)
Interest expense on lease liabilities	**281**	406
Share-based payments expense	**436**	123
Operating cash flows before movements in working capital	**144,669**	50,325
Decrease in inventories	**54,421**	63,736
Decrease (increase) in trade, bills and other receivables	**15,164**	(36,410)
Increase (decrease) in trade and other payables	**18,850**	(7,494)
(Decrease) increase in contract liabilities	**(5,302)**	5,166
Cash generated from operations	**227,802**	75,323
Income taxes (paid) refunded	**(1,467)**	1,891
NET CASH FROM OPERATING ACTIVITIES	**226,335**	77,214
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(35,511)**	(112,930)
Interest received	**8,167**	8,370
Proceeds on disposal of property, plant and equipment	**2,991**	6,488
NET CASH USED IN INVESTING ACTIVITIES	**(24,353)**	(98,072)
FINANCING ACTIVITIES		
Dividends paid	**(63,142)**	(69,470)
Repayment of lease liabilities	**(3,907)**	(3,984)
Interest paid on lease liabilities	**(281)**	(406)
CASH USED IN FINANCING ACTIVITIES	**(67,330)**	(73,860)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**134,652**	(94,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**428,758**	536,643
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(16,762)**	(13,167)
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**546,648**	428,758

1. GENERAL INFORMATION

Lung Kee Group Holdings Limited (formerly known as Lung Kee (Bermuda) Holdings Limited) (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Prior to 5th February, 2024, the Company's shares were secondarily listed on the Singapore Exchange Securities Trading Limited. In the opinion of the directors of the Company, the parent and ultimate parent is Pan Island Investments Limited, a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and the principal place of business of the Company are disclosed in the section "Corporate Information" in the annual report.

Pursuant to a special resolution passed on 27th May, 2024, the name of the Company was changed from Lung Kee (Bermuda) Holdings Limited to Lung Kee Group Holdings Limited.

The Company acts as an investment holding company and provides corporate management services. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and marketing of mould bases and related products.

The consolidated financial statements are presented in Hong Kong dollar ("HKD"), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

Amendments to HKFRSs and HKASs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs and HKASs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") *(Continued)*

New and amendments to HKFRSs and HKASs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and HKASs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1st January, 2025.
3 Effective for annual periods beginning on or after 1st January, 2026.
4 Effective for annual periods beginning on or after 1st January, 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of the amendments to HKFRSs and HKASs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1st January, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold land as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold land is not depreciated and is measured at cost less accumulated impairment losses.

When the Group makes payments for ownership interests of properties which includes both leasehold lands and building elements, the entire consideration is allocated between the leasehold lands and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold lands is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold lands, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than freehold land) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases those have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Cash and cash equivalents

Bank balances and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term deposits with original maturity of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined based on weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit or loss before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

In determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9")

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade, bills and other receivables and bank balances), which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. Except for those debtors with specific provision are assessed individually, the ECL on trade receivables are assessed collectively using a collective assessment with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(i) Significant increase in credit risk *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if i) it has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the trade receivables are over three years past due, and the counterparty of the trade receivables has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for Grade A to E trade receivables as mentioned in note 29b are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Foreign exchange gain and loss

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses' line item as part of the net foreign exchange gain (loss).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables and dividend payable) are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Foreign exchange gain and loss

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gain and loss are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income, gains and losses' line item in profit or loss as part of net foreign exchange gain (loss) for financial liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for raw materials

Management of the Group reviews its allowance for raw materials at the end of the reporting period. Management identifies slow-moving raw materials and estimates the amount of allowance for raw materials with reference to the aging information, subsequent sales and usage, the latest market prices of raw materials and the actual or estimated selling price and profitability of produced products. As at 31st December, 2024, the carrying amount of raw materials is HK$390,703,000 (net of allowance of HK$22,073,000) (2023: HK$445,471,000 (net of allowance of HK$26,295,000)).

Recognition of deferred tax assets

As at 31st December, 2024, the Group recognised deferred tax assets of HK$31,912,000 (2023: HK$30,952,000) in respect of HK$127,648,000 (2023: HK$123,808,000) of unused tax losses. The realisability of the deferred tax assets mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future profits generated are less than or more than expected, a material reversal or recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or recognition takes place.

5. REVENUE

The Group is principally engaged in the manufacturing and marketing of mould bases and related products. Revenue represents the invoiced value of goods sold to external customers during the year, after allowances for returns and trade discounts. The Group recognised revenue at a point in time.

Revenue from manufacturing and marketing of mould bases and related products

The Group manufactures and sells mould bases and related products directly to the customer. Revenue is recognised when control of the goods has been transferred to the customer, being at the point the goods are delivered to the customer. Transportation and other related activities that occur before the customers obtain control of the related goods are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The Group allows credit periods ranging from 30 to 90 days to its trade customers.

The performance obligation of all contracts has an original expected duration of one year or less.

6. SEGMENT INFORMATION

The Group only has one operating segment, based on information reported to the chief operating decision maker (i.e. the Company's executive directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges. As a result, there is only one reportable segment for the Group. For information regarding this segment, reference can be made to the consolidated financial statements as a whole. No other discrete financial information is provided. Accordingly, only entity-wide disclosures and geographic information are presented.

The segment revenue and segment result of the Group represents revenue and loss after taxation set out in the consolidated statement of profit or loss and other comprehensive income respectively.

Entity-wide disclosures

As at 31st December, 2024, substantially all of the Group's non-current assets are located in the places of domicile of the relevant group entities, i.e. the PRC.

The following is an analysis of the Group's revenue based on delivery location of the customers:

	2024 **HK$'000**	2023 HK$'000
The PRC	**1,365,141**	1,258,229
Others	**188,103**	191,111
	1,553,244	1,449,340

The Group has a very wide customer base covering Asia, Europe and America. No single customer contributed more than 10% of the Group's revenue for each of the years ended 31st December, 2024 and 2023.

7. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	HK$'000	HK$'000
Other income:		
Interest income	**8,167**	8,370
Rental income, net of direct outgoings of HK$625,000 (2023: HK$599,000)	**2,673**	5,645
Government grants (Note)	**1,085**	4,429
Sundry income	**1,841**	2,402
	13,766	20,846
Other gains and losses:		
Gain on disposal of property, plant and equipment	**2,614**	6,164
Gain on deregistration of a subsidiary (note 32)	**—**	1,672
Net foreign exchange loss	**(1,942)**	(2,857)
	672	4,979
	14,438	25,825

Note: During the current year, the Group recognised government grants of HK$1,085,000 (2023: HK$4,429,000) for support of certain sizable manufacturing enterprise in the PRC.

8. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the ten (2023: ten) directors were as follows:

	Executive directors						Independent non-executive directors				
	Siu Tit Lung HK$'000	**Siu Yuk Lung HK$'000**	**Wai Lung Shing HK$'000**	**Ting Chung Ho HK$'000**	**Siu Yuk Tung, Ivan HK$'000**	**Siu Yu Hang, Leo HK$'000**	**Lee Tat Yee HK$'000**	**Lee Joo Hai HK$'000 (Note 4)**	**Wong Hak Kun HK$'000**	**He Lamei HK$'000**	**Total HK$'000**
2024											
Fees (Note 1)	**–**	**–**	**–**	**–**	**–**	**–**	**429**	**429**	**444**	**381**	**1,683**
Other emoluments (Note 2)											
Salaries and other benefits	**8,400**	**8,400**	**2,640**	**2,528**	**1,920**	**1,920**	**–**	**–**	**–**	**–**	**25,808**
Contributions to retirement benefit schemes	**924**	**924**	**290**	**278**	**211**	**18**	**–**	**–**	**–**	**–**	**2,645**
Bonus (Note 3)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total emoluments	**9,324**	**9,324**	**2,930**	**2,806**	**2,131**	**1,938**	**429**	**429**	**444**	**381**	**30,136**

	Executive directors						Independent non-executive directors				
	Siu Tit Lung HK$'000	Siu Yuk Lung HK$'000	Wai Lung Shing HK$'000	Ting Chung Ho HK$'000	Siu Yuk Tung, Ivan HK$'000	Siu Yu Hang, Leo HK$'000	Lee Tat Yee HK$'000	Lee Joo Hai HK$'000	Wong Hak Kun HK$'000	He Lamei HK$'000	Total HK$'000
2023											
Fees (Note 1)	–	–	–	–	–	–	436	436	452	389	1,713
Other emoluments (Note 2)											
Salaries and other benefits	8,400	8,400	2,640	2,569	1,920	1,920	–	–	–	–	25,849
Contributions to retirement benefit schemes	924	924	290	283	211	18	–	–	–	–	2,650
Bonus (Note 3)	–	–	–	–	–	–	–	–	–	–	–
Total emoluments	9,324	9,324	2,930	2,852	2,131	1,938	436	436	452	389	30,212

Notes:

1. Their fees include those for services rendered by them as chairman/members of the Risk Management and Internal Control Review Task Force and for their services as directors of the Company.

2. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

3. The bonus is determined based on performance of the Group and the current market environment.

4. Mr. Lee Joo Hai resigned as independent non-executive director of the Company with effect from 31 December 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration in the years ended 31st December, 2024 and 2023.

During both years, no emoluments were paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group or as compensation for loss of office.

The five highest paid individuals in the Group in both years were directors of the Company and details of their emoluments are presented above.

9. OTHER EXPENSES

	2024 HK$'000	2023 HK$'000
Tooling costs	**90,957**	79,225
Transportation expenses	**60,695**	60,551
Electricity and water	**52,070**	55,117
Repair and maintenance expenses	**53,275**	57,135
Factory supplies	**32,668**	30,888
Other taxes and government charges	**19,902**	15,388
Fuels and lubricant oil	**15,231**	13,462
Sub-contracting charges	**5,449**	6,316
Travelling and motor car expenses	**8,474**	8,465
Software and system expenses	**5,765**	5,621
Promotion and packing expenses	**7,746**	9,145
Auditors' remuneration (including remuneration for non-audit services)	**4,310**	4,219
Short-term lease expenses	**1,083**	1,130
Others	**25,991**	15,527
	383,616	362,189

10. INCOME TAX CREDIT

	2024 HK$'000	2023 HK$'000
The (credit) expense comprises:		
Hong Kong Profits Tax		
— current year	**234**	233
— under (over) provision in prior years	**61**	(160)
	295	73
Taxation in jurisdictions outside Hong Kong		
— current year	**1,158**	3,545
— under (over) provision in prior years	**18**	(5,970)
	1,176	(2,425)
Deferred taxation (note 17)		
— credit for the year	**(7,155)**	(37,831)
	(5,684)	(40,183)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in jurisdictions outside Hong Kong and the PRC is calculated based on the applicable rates in those jurisdictions.

10. INCOME TAX CREDIT *(Continued)*

The income tax credit for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 **HK$'000**	2023 HK$'000
Loss before taxation	**(19,357)**	(112,614)
Tax at PRC income tax rate of 25% (2023: 25%) (Note)	**(4,839)**	(28,154)
Tax effect of non-deductible expenses	**5,160**	4,463
Tax effect of non-taxable income	**(1,257)**	(815)
Utilisation of tax losses previously not recognised	**(151)**	(2,534)
Tax effect of unused tax losses not recognised	**1,260**	3
Under (over) provision in prior years	**79**	(6,130)
Utilisation of deductible temporary difference previously not recognised	**(5,561)**	(1,558)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**495**	815
Deferred tax credit arising on decrease in undistributed profits of PRC subsidiaries	**(870)**	(6,273)
Income tax credit for the year	**(5,684)**	(40,183)

Note: The domestic tax rate applicable to the jurisdictions where the operations of the Group is substantially based is 25% for both years.

Details of deferred taxation are set out in note 17.

11. LOSS FOR THE YEAR

	2024 HK$'000	2023 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments (note 8)	**30,136**	30,212
Share-based payments expense (note 26)	**436**	123
Other staff costs	**365,511**	352,271
Retirement benefit scheme contributions (excluding those of directors of the Company)	**31,411**	28,848
Total staff costs	**427,494**	411,454
Auditors' remuneration (including remuneration for non-audit services)	**4,310**	4,219
(Reversal) recognition of inventories provision	**(3,432)**	1,222

12. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Dividends recognised as distribution during the year:		
2024 Interim — HK5 cents (2023: 2023 Interim — HK5 cents) per share	**31,584**	31,584
2023 Final — HK5 cents (2023: 2022 Final — HK6 cents) per share	**31,584**	37,901
	63,168	69,485

The board of directors have determined that a final dividend of HK6 cents (2023: HK5 cents) per share amounting to HK$37,901,000 (2023: HK$31,584,000) and a final special dividend of HK12 cents (2023: Nil) per share amounting to HK$75,802,000 (2023: Nil) should be paid to the shareholders of the Company whose names appear in the register of members on 28th May, 2025.

13. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2024 HK$'000	2023 HK$'000
Loss:		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(13,673)**	(72,431)

Number of shares:

	2024	2023
Number of ordinary shares for the purpose of basic and diluted loss per share	**631,677,303**	631,677,303

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the shares for both 2024 and 2023.

14. INVESTMENT PROPERTIES

The Group leases out various offices, factories and carparks under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 to 8 years. The rentals are fixed over the lease terms.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	HK$'000
FAIR VALUE	
At 1st January, 2023	175,000
Decrease in fair value on property revaluation included in profit or loss, net	(8,500)
At 31st December, 2023	166,500
Decrease in fair value on property revaluation included in profit or loss, net	(5,500)
At 31st December, 2024	**161,000**

14. INVESTMENT PROPERTIES *(Continued)*

	2024 **HK$'000**	2023 HK$'000
Unrealised loss on property revaluation included in profit or loss	**5,500**	8,500

All of the Group's property interests are situated in Hong Kong and held under operating leases to earn rentals and for capital appreciation purposes. These properties are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31st December, 2024 and 2023 has been arrived at on the basis of a valuation carried out on the respective dates by C S Surveyors Limited, independent qualified professional valuers not connected to the Group.

The fair value was determined based on market comparable approach, where the prices per square feet of the properties are assessed by reference to market evidence of transaction prices for similar use of properties in the similar locations and conditions in Hong Kong. There has been no change from the valuation technique used in the prior year and it is classified as Level 3 hierarchy. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key inputs used in valuing the investment properties was the price per square feet, which ranged from HK$6,025 to HK$10,669 (2023: HK$6,475 to HK$11,369). A decrease in the price per square feet used would result in a decrease in fair value measurement of the respective investment properties, and vice versa.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

There were no transfers into or out of Level 3 during the year.

As at 31st December, 2024 and 2023, no investment properties of the Group have been pledged to secure bank facilities granted to the Group.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Furniture, fixtures, fittings and other equipment	Plant and machinery	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1st January, 2023	21,317	730,070	136,935	2,396,494	34,275	3,319,091
Currency realignment	—	(19,726)	(3,878)	(66,709)	(449)	(90,762)
Additions	—	44	1,667	162,657	3,565	167,933
Disposals	—	—	(85)	(48,924)	(3,140)	(52,149)
At 31st December, 2023	21,317	710,388	134,639	2,443,518	34,251	3,344,113
Currency realignment	—	(23,197)	(4,339)	(80,293)	(517)	(108,346)
Additions	—	—	835	45,138	3,039	49,012
Disposals/written off	—	—	(26)	(24,354)	(2,354)	(26,734)
At 31st December, 2024	**21,317**	**687,191**	**131,109**	**2,384,009**	**34,419**	**3,258,045**
ACCUMULATED DEPRECIATION						
At 1st January, 2023	—	450,908	131,195	2,043,966	25,307	2,651,376
Currency realignment	—	(12,430)	(3,731)	(58,153)	(369)	(74,683)
Provided for the year	—	33,646	1,699	124,136	3,782	163,263
Eliminated on disposals	—	—	(79)	(48,606)	(3,140)	(51,825)
At 31st December, 2023	—	472,124	129,084	2,061,343	25,580	2,688,131
Currency realignment	—	(16,081)	(4,173)	(70,329)	(419)	(91,002)
Provided for the year	—	32,845	1,659	123,346	4,216	162,066
Eliminated on disposals/ written off	—	—	(26)	(23,977)	(2,354)	(26,357)
At 31st December, 2024	**—**	**488,888**	**126,544**	**2,090,383**	**27,023**	**2,732,838**
CARRYING AMOUNTS						
At 31st December, 2024	**21,317**	**198,303**	**4,565**	**293,626**	**7,396**	**525,207**
At 31st December, 2023	21,317	238,264	5,555	382,175	8,671	655,982

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for freehold land, are depreciated, taking into account their residual value, on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of 20 years or the term of the relevant land use right
Furniture, fixtures, fittings and other equipment	15%
Plant and machinery	20%
Motor vehicles	30%

Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses.

16. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	**Leased properties** HK$'000	**Total** HK$'000
At 31st December, 2024			
Carrying amount	**57,202**	**7,461**	**64,663**
At 31st December, 2023			
Carrying amount	60,921	6,134	67,055
For the year ended 31st December, 2024			
Additions to right-of-use assets	**–**	**5,127**	**5,127**
Currency realignment	**(1,965)**	**37**	**(1,928)**
Depreciation charge	**(1,754)**	**(3,837)**	**(5,591)**
For the year ended 31st December, 2023			
Additions to right-of-use assets	–	1,218	1,218
Currency realignment	(1,738)	(212)	(1,950)
Depreciation charge	(1,789)	(4,027)	(5,816)

	2024 **HK$'000**	2023 HK$'000
Expenses relating to short-term lease	**1,083**	1,130
Total cash outflow for leases	**5,271**	5,520

16. RIGHT-OF-USE ASSETS *(Continued)*

For both years, the Group leases various office and factory premises, staff quarters and carparks for its operations. Lease contracts are entered into for fixed term of 1 year to 8 years (2023: 1 year to 8 years), with no extension and termination option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings.

The Group regularly entered into short-term leases for office and factory premises, staff quarters and carparks. As at 31st December, 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in the above.

17. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024	2023
	HK$'000	HK$'000
Deferred tax assets	**(48,192)**	(43,422)
Deferred tax liabilities	**9,893**	11,109
	(38,299)	(32,313)

17. DEFERRED TAXATION *(Continued)*

The major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years are summarised below:

	Accelerated tax depreciation	Withholding tax	Tax losses	Provisions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January, 2023	(743)	17,903	–	(11,765)	5,395
Credit for the year	(15)	(6,273)	(31,232)	(311)	(37,831)
Currency realignment	40	(521)	280	324	123
At 31st December, 2023	(718)	11,109	(30,952)	(11,752)	(32,313)
Credit for the year	(246)	(870)	(2,022)	(4,017)	(7,155)
Currency realignment	(23)	(346)	1,062	476	1,169
At 31st December, 2024	**(987)**	**9,893**	**(31,912)**	**(15,293)**	**(38,299)**

At the end of the reporting period, the Group has unused tax losses of HK$145,120,000 (2023: HK$129,840,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$127,648,000 (2023: HK$123,808,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$17,472,000 (2023: HK$6,032,000) due to the unpredictability of future profit streams. Except unused tax losses of HK$127,648,000 (2023: HK$123,808,000) that will expire from 2027 to 2029 (2023: from 2027 to 2028), these unused tax losses may be carried forward indefinitely.

The Group has temporary differences of HK$57,646,000 (2023: HK$79,891,000) in respect of provision of employee benefits that are not recognised as deferred tax assets due to it is not probable and unpredictable of future profit stream, that such temporary difference would be deductible.

Under the EIT Law of PRC, starting from 1st January, 2008, 10% withholding income tax is imposed on dividends declared in respect of profits earned by the companies established in the PRC from the calendar year 2008 onwards to their foreign shareholders. For investors incorporated in Hong Kong which hold at least 25% of equity interest of those PRC companies, a preferential rate of 5% will be applied. Deferred tax has been provided for in respect of the temporary differences attributable to such undistributed profits amounting to HK$197,860,000 (2023: HK$222,200,000). The Group has applied the preferential rate of 5% on such profits as all the Group's subsidiaries in the PRC are directly held by an investment holding company incorporated in Hong Kong.

18. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**390,703**	445,471
Work in progress	**63,750**	78,368
Finished goods	**6,016**	6,672
	460,469	530,511

The cost of inventories recognised as an expense by the Group during the year amounted to HK$1,330,513,000 (2023: HK$1,336,058,000).

19. TRADE, BILLS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**99,319**	94,977
Bills receivables	**9,369**	10,238
Less: allowance for credit losses	**(10,018)**	(9,590)
	98,670	95,625
Other receivables	**1,840**	2,337
Prepayments for materials	**41,211**	70,741
Deposits and other prepayments	**13,647**	8,474
Total trade, bills and other receivables	**155,368**	177,177

As at 1 January 2023, trade receivables from contracts with customers amounted to HK$91,702,000.

In general, the Group allows a credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting year.

19. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

	2024	2023
	HK$'000	HK$'000
0 to 60 days	**86,174**	83,882
61 to 90 days	**16,495**	12,410
Over 90 days	**6,019**	8,923
	108,688	105,215

As at 31st December, 2024, total bills received amounting to HK$9,369,000 (2023: HK$10,238,000) are held by the Group to collect cash upon maturity. All bills received by the Group are with a maturity period within six months.

As at 31st December, 2024, included in the Group's trade receivables balance are debtors with aggregate gross amount of HK$7,427,000 (2023: HK$5,823,000) which are past due as at the reporting date. Out of the past due balances, HK$140,000 (2023: HK$337,000) has been past due 90 days or more and is not considered as in default due to a number of independent customers have a good repayment history.

Details of impairment assessment of trade, bills and other receivables are set out in note 29.

20. BANK BALANCES AND CASH

Bank balances and cash of the Group comprise bank balances, demand deposits and short-term bank deposits that are interest-bearing at prevailing market saving rates and are with original maturity of three months or less. The bank balances and short-term bank deposits carry interest at market rates ranged from 0.55% to 5.32% (2023: 0.40% to 4.90%) per annum at 31st December, 2024.

21. TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables	**46,137**	35,820
Value-added tax payables	**22,250**	16,391
Provision of employee benefits	**90,547**	94,812
Payables for salaries and bonuses	**29,229**	29,507
Deposits and accruals	**23,935**	24,447
Other payables	**12,931**	13,647
Total	**225,029**	214,624
Less: Amount due within one year shown under current liabilities	**(142,247)**	(128,073)
Amount due after one year	**82,782**	86,551

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting year.

	2024 HK$'000	2023 HK$'000
0 to 60 days	**40,595**	30,613
61 to 90 days	**3,516**	3,242
Over 90 days	**2,026**	1,965
	46,137	35,820

In general, the credit period on the purchases of goods ranges from 30 days to 150 days.

22. CONTRACT LIABILITIES

The Group receives certain percentage of the total consideration from customers when they sign the sale contracts or customers place their purchase orders. The deposits received from the contracts prior to meeting the criteria for revenue recognition are recognised as contract liabilities.

As at 1st January, 2023, contract liabilities amounted to HK$21,765,000.

During the year ended 31st December, 2024, revenue recognised in the current year relating to carried-forward contract liabilities is HK$26,931,000 (2023: HK$21,765,000).

23. LEASE LIABILITIES

	2024 **HK$'000**	2023 HK$'000
Lease liabilities payable:		
Within one year	**3,899**	3,307
Within a period of more than one year but not more than two years	**3,232**	1,308
Within a period of more than two years but not more than five years	**700**	1,950
	7,831	6,565
Less: Amount due for settlement within 12 months shown under current liabilities	**(3,899)**	(3,307)
Amount due for settlement after 12 months shown under non-current liabilities	**3,932**	3,258

The weighted average incremental borrowing rates applied to lease liabilities range from 2.41% to 5.22% (2023: from 2.41% to 5.22%) per annum.

No lease obligations are denominated in currencies other than functional currencies of the relevant group entities.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000	Dividend payable HK$'000
At 1st January, 2023	9,560	295
Financing cash flows	(4,390)	(69,470)
Dividend declared	—	69,485
New lease entered	1,218	—
Interest expenses on lease liabilities	406	—
Currency realignment	(229)	—
At 31st December, 2023	6,565	310
Financing cash flows	(4,188)	(63,142)
Dividend declared	—	63,168
Leases modified	5,127	—
Interest expenses on lease liabilities	281	—
Currency realignment	46	—
At 31st December, 2024	**7,831**	**336**

25. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	HK$'000	Number of shares	HK$'000
Ordinary shares of HK$0.1 each:				
At 1st January, 2023 and 31st December, 2023 and 2024	1,000,000,000	100,000	631,677,303	63,168

26. SHARE OPTION SCHEME

At the annual general meeting of the Company held on 30th May, 2022, the shareholders of the Company (the "Shareholders") approved the adoption of a new share option scheme of the Company (the "2022 Scheme"). Below is a summary of the 2022 Scheme:

(a) Purpose

The purpose of the 2022 Scheme is for the Company to attract, retain and motivate talented Participants (as defined below) to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the board of directors of the Company or a duly authorised committee (the "Board") may approve from time to time.

(b) Participants

The Board may, at its discretion, invite any executive or non-executive directors (other than the independent non-executive directors) of the Company or any of its subsidiaries (or any persons proposed to be appointed as such) or any employees of the Company or any of its subsidiaries, as absolutely determined by the Board (the "Participant(s)") to take up the options.

(c) Total number of shares available for issue

The total number of shares of the Company (the "Share(s)") which may be issued upon exercise of all options to be granted under the 2022 Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2022 Scheme, unless the Company obtains a fresh approval from the Shareholders.

The number of options available for grant under the 2022 Scheme was 60,737,730 as at 1st January, 2024 and 58,727,730 as at 31st December, 2024. The number of Shares that may be issued in respect of options granted under the 2022 Scheme during the year (i.e. 4,560,000) (2023: 2,430,000) divided by the number of issued Shares for year was 0.72% (2023: 0.38%). As at the date of this annual report, the number of options available for grant under the 2022 Scheme was 58,727,730, representing 9.30% (2023: 60,737,730, representing 9.62%) of the total number of issued Shares.

26. SHARE OPTION SCHEME *(Continued)*

(d) The maximum entitlement of share of each Participant

The maximum entitlement for any one Participant is that the total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options to a Participant in excess of the 1% limit shall be subject to the Shareholders' approval in general meeting with such Participant and his associates abstaining from voting. The number of Shares subject to the options to be granted and the terms of the options to be granted to such Participant shall be fixed before Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price.

(e) Period within which the option may be exercised

An option may be exercised in accordance with the terms of the 2022 Scheme at any time during a period to be determined by the Board at its absolute discretion and such period to expire not later than 10 years after the date of grant of the option subject to the provisions of early termination thereof.

(f) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within 28 days from the date of the offer. The amount payable by the grantee of an option to the Company on acceptance of the offer for grant of an option is HK$1.00.

(g) Exercise Price

The exercise price in respect of each Share issued pursuant to the exercise of options granted under the 2022 Scheme shall be a price determined by the Board and notified to a Participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of grant of the option, which date must be a business day; (ii) a price being the average of the closing prices of the Shares as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant of the option; and (iii) the nominal or par value of a Share on the date of grant of the option.

(h) Duration of the 2022 Scheme

The 2022 Scheme will remain in force for a period of 10 years commencing on the date of adoption subject to the provisions of early termination thereof.

26. SHARE OPTION SCHEME *(Continued)*

The following table discloses the movements in relation to the share options granted pursuant to the 2022 Scheme during the year:

Category of grantees	At 1st January, 2024	Lapsed during the year	Granted during the year	At 31st December, 2024	Date of grant (Note 1)	Exercisable period (Note 2)	Exercise price per share HK$
	Number of share options						
Employees	2,430,000	(120,000)	–	2,310,000	28th September, 2023	28th September, 2024 to 27th September, 2027	1.578
Employees	–	–	2,130,000	2,130,000	27th September, 2024	27th September, 2025 to 26th September, 2028	1.180
Total	2,430,000	(120,000)	2,130,000	4,440,000			
Weighted average exercise price	1.578	1.578	1.180	1.387			

The following table discloses movements of the Scheme during the prior year:

Category of grantees	At 1st January, 2023	Granted during the year	At 31st December, 2023	Date of grant (Note 1)	Exercisable period (Note 2)	Exercise price per share HK$
	Number of share options					
Employees	–	2,430,000	2,430,000	28th September, 2023	28th September, 2024 to 27th September, 2027	1.578
Total	–	2,430,000	2,430,000			
Weighted average exercise price	–	1.578	1.578			

Notes:

1. The closing price per share immediately before the date on which the share options as of 28th September, 2023 and 27th September, 2024 were granted were HK$1.56 and HK$1.17 respectively.

2. The vesting period of the share options is from the date of grant until the commencement of the relevant exercise period.

3. All the grants made during the year were made without any performance targets.

26. SHARE OPTION SCHEME *(Continued)*

During the year ended 31st December, 2024, 2,130,000 (2023: 2,430,000) share options were granted on 27th September, 2024 (2023: 28th September, 2023). The estimated fair value of the share options granted on that date was HK$468,000 (2023: HK$484,000). These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	Share options with an exercisable period from 27th September, 2025 to 26th September, 2028	Share options with an exercisable period from 28th September, 2024 to 27th September, 2027
Closing share price at the date of grant	HK$1.18	HK$1.50
Exercise price	HK$1.18	HK$1.578
Expected volatility	35%	28%
Expected life	3 years	3 years
Risk-free interest rate	3.22%	4.89%

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognises the total expense of HK$436,000 for the year ended 31st December, 2024 (2023: HK$123,000) in relation to share options granted by the Company.

27. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was HK$3,298,000 (2023: HK$6,244,000).

The investment properties held have committed tenants for an average term ranged from one to two (2023: ranged from one to five) years.

27. OPERATING LEASING ARRANGEMENTS *(Continued)*

Undiscounted lease payments receivable on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**1,197**	5,034
In the second year	**169**	2,996
In the third year	**–**	360
	1,366	8,390

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associated with each class of capital. Based on recommendation of directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs.

29. FINANCIAL INSTRUMENTS

29a. Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
At amortised cost	**647,158**	526,720
Financial liabilities		
At amortised cost	**82,929**	73,322

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, bank balances and cash, trade and other payables and dividend payable. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Interest rate risk

The Group's bank balances carry interest at variable rates and have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates. The Group is also exposed to fair value interest rate risk in relation to lease liabilities (note 23). The directors of the Company consider the Group's exposure is not significant as those interest-bearing bank balances are within a short maturity period.

The Group currently does not have an interest rate hedging policy in relation to interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risks should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

In the opinion of the directors of the Company, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank deposits since the impact on profit or loss from changes in interest rates for both years is insignificant.

(b) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases and bank balances which expose the Group to foreign currency risk. The directors of the Company consider the intra-group balances with several subsidiaries denominated in foreign currency do not expose the Group to significant foreign currency risk. Management will consider using foreign exchange forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(b) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which are considered as significant by the management, at the end of the reporting period are as follows:

	Liabilities		Assets	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Renminbi ("RMB")	**–**	–	**2,528**	32,415
United States dollars ("USD")	**457**	459	**55,973**	78,661
Euro dollars ("EUR")	**–**	–	**3,231**	3,092
Japanese yen ("JPY")	**31**	34	**4,304**	4,829

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currency monetary assets and liabilities. No sensitivity analysis is presented for HKD against USD as HKD is pegged to USD. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. In the opinion of the directors of the Company, no sensitivity analysis is prepared for the currency risk for intra-group balances since the impact on profit or loss from changes in intra-group balances for both years is insignificant. A negative number below indicates an increase in post-tax loss for the year where the functional currency of the relevant group entity strengthens 5% (2023: 5%) against the relevant foreign currency. For a 5% (2023: 5%) weakening of the functional currency of the relevant group entity against the relevant foreign currency, there would be an equal and opposite impact on post-tax loss for the year.

	RMB Impact (i)		EUR Impact (i)		JPY Impact (i)	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Post-tax loss for the year	**(95)**	(1,216)	**(121)**	(116)	**(160)**	(180)

(i) This is mainly attributable to the exposure outstanding on receivables, payables and bank balances in the respective foreign currency at year end.

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

At 31st December, 2024, the Group's maximum exposure to credit risk, which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover credit risks associated with its financial assets.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on a regular basis. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade balances with specific provision are assessed individually; and for Grade A to E trade balances under ECL model are based on a collective assessment with appropriate grouping for impairment allowance.

Bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings, ranging from A+ to BBB+ assigned by international credit-rating agencies.

Trade receivables

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables with specific provision are assessed individually, and those for Grade A to E under ECL model are assessed collectively using a collective assessment with appropriate grouping for impairment allowance. The impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including the time value of money where appropriate.

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Bills and other receivables

In determining the ECL for bills and other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding bills and other receivables are low.

The Group's concentration of credit risk by geographical location is mainly in the PRC. The Group has no other significant concentration of credit risk. Trade receivables consist of a large number of customers that are spread over a number of counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Trade receivables

Category	Description	Trade receivables
Grade A	The counterparty has a low risk of default and has no past due amounts	Lifetime ECL — not credit-impaired
Grade B	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired
Grade C	Debtor frequently repays after due dates but usually settle in full with a longer period	Lifetime ECL — not credit-impaired
Grade D	There has been an increase in credit risk since initial recognition	Lifetime ECL — not credit-impaired
Grade E	There has been a significant increase in credit risk since initial recognition	Lifetime ECL — not credit-impaired
Specific provision	There is evidence indicating that the debtor is in severe financial difficulty	Lifetime ECL — credit-impaired
Write-off	There is certain evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery e.g. when the trade receivables are over three years past due, and the counterparty of the trade receivables has been placed under liquidation or has entered into bankruptcy proceedings	Amount is written off

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Bills and other receivables (Continued)

Other financial assets

Category	Description	Other financial assets
Low risk	The counterparty has a low risk of default and has no past due amounts	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating that the asset is credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Collective assessment — internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on a collective assessment as at 31st December, 2024.

	2024			2023		
Internal credit rating	**Average loss rate**	**Gross carrying amount HK$'000**	**Impairment loss allowance HK$'000**	Average loss rate	Gross carrying amount HK$'000	Impairment loss allowance HK$'000
Grade A: Totally secure	**6.0%**	**19,908**	**1,194**	6.0%	13,392	803
Grade B: Above average secure	**7.0%**	**8,054**	**564**	7.0%	10,283	720
Grade C: Average secure	**8.0%**	**19,598**	**1,568**	8.0%	17,110	1,369
Grade D: Below average secure	**9.0%**	**17,604**	**1,584**	9.0%	23,399	2,106
Grade E: With moderate risk	**14.0%**	**33,776**	**4,729**	14.0%	30,466	4,265
		98,940	**9,639**		94,650	9,263
Specific provision (credit-impaired)	**100.0%**	**379**	**379**	100.0%	327	327
		99,319	**10,018**		94,977	9,590

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Bills and other receivables (Continued)

Collective assessment — internal credit rating *(Continued)*

The estimated loss rates are determined based on historical observed default rates over the expected lives of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach

	Lifetime ECL (not credit-impaired) HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
Balance at 1st January, 2023	8,737	184	8,921
Impairment losses recognised	9,354	149	9,503
Impairment losses reversed	(8,466)	—	(8,466)
Currency realignment	(362)	(6)	(368)
Balance at 31st December, 2023	9,263	327	9,590
Impairment losses recognised	8,801	426	9,227
Impairment losses reversed	(8,149)	(145)	(8,294)
Transfer to credit-impaired	(37)	37	—
Amounts written off as uncollectible	—	(261)	(261)
Currency realignment	(239)	(5)	(244)
Balance at 31st December, 2024	**9,639**	**379**	**10,018**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the trade receivables are over three years past due, and the counterparty of the trade receivables has been placed under liquidation or has entered into bankruptcy proceedings. The Group has taken legal action against the debtors to recover the amount due.

29. FINANCIAL INSTRUMENTS *(Continued)*

29b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivatives financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
2024							
Trade and other payables	N/A	23,637	27,909	29,666	1,381	82,593	82,593
Dividend payable	N/A	336	–	–	–	336	336
		23,973	27,909	29,666	1,381	82,929	82,929
Lease liabilities	3.14	348	696	3,122	4,021	8,187	7,831

	Weighted average effective interest rate %	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
2023							
Trade and other payables	N/A	18,103	23,494	30,017	1,398	73,012	73,012
Dividend payable	N/A	310	–	–	–	310	310
		18,413	23,494	30,017	1,398	73,322	73,322
Lease liabilities	3.42	350	699	2,474	3,445	6,968	6,565

29c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their respective fair values at the end of the reporting period.

30. CAPITAL COMMITMENTS

	2024 **HK$'000**	2023 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**14,468**	16,145

31. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme.

For members of the MPF Scheme, the Group contributes at the lower of HK$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The ORSO Scheme is funded by monthly contributions from the Group at 11% of the employee's basic salary, depending on the length of service with the Group.

The employees in the Group's subsidiaries in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. Those subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to profit or loss of HK$34,056,000 (2023: HK$31,498,000) represents contributions paid and payable to these schemes by the Group in respect of the current financial year.

32. DEREGISTRATION OF A SUBSIDIARY

During the year ended 31st December, 2023, the Group completed the deregistration of a subsidiary and recognised a gain of HK$1,672,000.

	HK$'000
Gain on deregistration of a subsidiary:	
Cash received by the immediate holding company of the subsidiary upon deregistration	12,881
Net assets (wholly represented by cash) of the subsidiary immediately before deregistration	(12,881)
Reclassification of cumulative translation reserve upon deregistration of subsidiary to profit or loss	1,672
Gain on deregistration	1,672

33. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the year:

	2024 **HK$'000**	2023 HK$'000
Repayments of lease liabilities:		
— Silver Aim Limited and Triplefull Company Limited, in total	**2,582**	2,441
Interest expense on lease liabilities:		
— Silver Aim Limited and Triplefull Company Limited, in total	**107**	175
Rental deposit paid:		
— Silver Aim Limited and Triplefull Company Limited, in total	**646**	646

Note: Two directors of the Company are the directors of Silver Aim Limited and Triplefull Company Limited and one of them is also the beneficial shareholder of Silver Aim Limited and Triplefull Company Limited.

The compensation of key management personnel (representing directors of the Company) during the year was as follows:

	2024 **HK$'000**	2023 HK$'000
Short-term benefits	**27,491**	27,562
Bonus	**—**	—
Contributions to retirement benefits schemes	**2,645**	2,650
	30,136	30,212

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at 31st December, 2024 is as follows:

	2024	2023
	HK$'000	HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investment in a subsidiary	**55,856**	55,856
Amounts due from subsidiaries	**309,637**	369,724
	365,493	425,580
Current assets		
Amounts due from subsidiaries	**100,809**	104,239
Prepayments	**319**	315
Bank balances	**497**	684
	101,625	105,238
Current liabilities		
Accrued charges	**486**	561
Dividend payable	**336**	310
	822	871
Net current assets	**100,803**	104,367
Net assets	**466,296**	529,947
CAPITAL AND RESERVES		
Share capital	**63,168**	63,168
Reserves (Note)	**403,128**	466,779
Total equity	**466,296**	529,947

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

	Share premium HK$'000	Share-based payments reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January, 2023	156,213	—	379,161	535,374
Profit for the year	—	—	767	767
Final dividend for the year ended 31st December, 2022	—	—	(37,901)	(37,901)
Interim dividend for the year ended 31st December, 2023	—	—	(31,584)	(31,584)
Recognition of equity-settled share-based payments (note 26)	—	123	—	123
At 31st December, 2023	156,213	123	310,443	466,779
Loss for the year	—	—	(919)	(919)
Final dividend for the year ended 31st December, 2023	—	—	(31,584)	(31,584)
Interim dividend for the year ended 31st December, 2024	—	—	(31,584)	(31,584)
Recognition of equity-settled share-based payments (note 26)	—	436	—	436
At 31st December, 2024	**156,213**	**559**	**246,356**	**403,128**

35. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Details of the Group's material subsidiaries as at 31st December, 2024 and 2023 which, in the opinion of the directors, principally affected the results or net assets of the Group are set out below. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiaries	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid up capital	Proportion of nominal value of issued capital/paid up capital indirectly held by the Company		Principal activities
			2024	2023	
			%	%	
Fantop Industries Limited	Hong Kong	HK$2	**100**	100	Property investment
河源龍記金屬製品有限公司 Heyuan Lung Kee Metal Products Co., Ltd.*	The PRC (Note)	HK$550,870,000	**100**	100	Manufacturing and marketing of mould bases
杭州龍記金屬製品有限公司 Hangzhou Lung Kee Metal Products Co., Ltd.*	The PRC (Note)	US$75,000,000	**100**	100	Manufacturing and marketing of mould bases
Lung Kee International Limited	Hong Kong	HK$2	**100**	100	Investment holding
Lung Kee Metal Limited	Hong Kong	HK$2	**100**	100	Trading and marketing of mould bases and related products

* For translation purpose only.

Note: These companies are wholly foreign owned enterprises established in the PRC.

None of the subsidiaries had any debenture outstanding at the end of the year or at any time during the year.

Five-Year Financial Summary

RESULTS

	Year ended 31st December,				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
REVENUE	2,064,882	2,273,399	1,601,433	1,449,340	**1,553,244**
PROFIT (LOSS) BEFORE TAXATION	220,866	315,489	21,670	(112,614)	**(19,357)**
INCOME TAX (EXPENSE) CREDIT	(39,785)	(87,648)	(5,856)	40,183	**5,684**
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	181,081	227,841	15,814	(72,431)	**(13,673)**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
BASIC EARNING (LOSS) PER SHARE	28.67	36.07	2.50	(11.47)	**(2.16)**
DIVIDEND PER SHARE *(Note)*	38.00	35.00	12.00	10.00	**23.00**

ASSETS AND LIABILITIES

	At 31st December,				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
TOTAL ASSETS	2,745,644	2,745,732	2,301,477	2,092,985	**1,971,626**
TOTAL LIABILITIES	(471,250)	(474,460)	(314,896)	(294,223)	**(298,083)**
NET ASSETS	2,274,394	2,271,272	1,986,581	1,798,762	**1,673,543**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,274,394	2,271,272	1,986,581	1,798,762	**1,673,543**
	HK$	HK$	HK$	HK$	**HK$**
SHAREHOLDERS' FUND AT BOOK VALUE PER SHARE	3.60	3.60	3.14	2.85	**2.65**

Note: The dividend for the year represents dividend proposed for that financial year, not taken into account the year of payment.

Properties held for Investment

INVESTMENT PROPERTIES

Location	Type of properties	Attributable interest	Lease term
Workshop 6 on ground floor Kwong Sang Hong Centre Nos.151–153 Hoi Bun Road Kowloon	Workshop	100%	Medium-term lease
Workshop No.2 on ground floor and the yard adjoining thereto Hung Tat Industrial Building No.43 Hung To Road Kowloon	Workshop	100%	Medium-term lease
Workshops A, C on G/F Mai Hing Industrial Building Nos.16–18 Hing Yip Street Kowloon	Workshop	100%	Medium-term lease
Car parking space No. L2 and L5 on G/F Mai Hing Industrial Building Nos.16–18 Hing Yip Street Kowloon	Carpark	100%	Medium-term lease

Milestone

Lung Kee Group is one of the world's largest mould base manufacturers and is the leader of the mould base industry in China. Its renowned brand LKM® is well-known to the customers from Asia, Europe and America.

Lung Kee Group operates production facilities in China, Japan and Malaysia and occupies a total of about 550,000 sq.m. in area. About 3,000 employees are employed.

2024

Lung Kee Group changed the English name from "Lung Kee (Bermuda) Holdings Limited" to "Lung Kee Group Holdings Limited" and adopt "龍記集團控股有限公司" as the secondary name in Chinese in order to simplify its English and Chinese names and better reflect the corporate image of Lung Kee Group.

Lung Kee Group applied for voluntary delisting of its shares from the Main Board of the Singapore Exchange Securities Trading Limited.

Lung Kee Group was awarded the "Top 500 Machinery in China" for the past twenty consecutive years.

Lung Kee Group has actively applied the advance technology at the production lines.

2023

Lung Kee Group has applied the automation at production plants in order to enhance the production efficiency.

2021

Extensive robot arms application to promote automation and intelligent production.

2019

Became a distributor of INDUSTEEL (ArcelorMittal group), a quality tool steel brand of France.

Established a representative office in Vietnam to develop the ASEAN market.

2018

Introduced intelligent industrial robot arm for the first time to promote automation.

2015

B2B online customer platform starts operation.

2012

Established Hangzhou Lung Kee at Hangzhou city, Zhejiang Province, China. Hangzhou plant was about 178,000 sq.m. in area and consolidated all plants of Lung Kee Group in Eastern region of China with an aim to explore the customers in Eastern and Northern regions of China.

2011

Relocated the high precision mould base production lines from Guangzhou plant to a new plant set up at Heyuan plant, namely "Lung Kee Precision".

2010

Lung Kee Group was elected one of the Hong Kong Outstanding Enterprises by "Economic Digest".

2008

Established a Technology Centre at Heyuan plant for conducting research on various technologies in order to enhance the product quality and the production efficiency.

2007

Lung Kee Group was elected one of top 10 Mould Companies in China for the past three consecutive years.

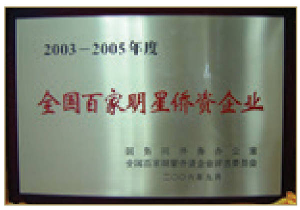
2006

Heyuan Lung Kee completed its expansion and the total area of Heyuan plant was expanded to about 367,000 sq.m..

Lung Kee Group was elected one of the top 1000 Listed Companies in Greater China Region by "Businessweek".

2005

Lung Kee Group was elected one of the top 100 Companies Founded By Overseas Chinese for the past five consecutive years.



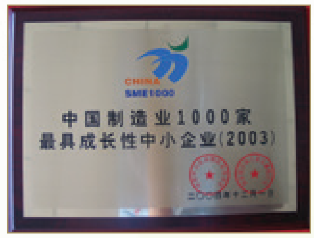
Lung Kee Group was elected one of the top 500 International Chinese Companies by "Asiaweek" for the past two consecutive years.

2004

Established Taizhou Lung Kee at Taizhou city, Zhejiang Province, China and began production.

2003

Lung Kee Group was elected one of the top 1000 High Growth SME in Manufacturing Sector.



2002

Secondary listing of shares of Lung Kee Group on the Main Board of the Singapore Exchange Securities Trading Limited.

Privatised and applied for delisting of the shares of Lung Kee Metal Holdings Limited, a subsidiary of Lung Kee Group, from the Singapore Exchange Securities Trading Limited.

Heyuan Lung Kee (Phase II of Heyuan plant) began production.

Milestone

2001

Acquired a leading mould base manufacturer in Taiwan, China as a subsidiary to expand the market of Taiwan.

2000

Heyuan Lung Kee gained ISO 9001:2008 accreditation.

1999

Established Heyuan Lung Kee (Phase I of Heyuan plant) at Heyuan city, Guangdong Province, China and began production of mould bases for strengthening the production capacity of Lung Kee Group.

1997

The shares of Lung Kee Metal Holdings Limited, a subsidiary of Lung Kee Group, were listed on the Main Board of the Singapore Exchange Securities Trading Limited.

Established Shanghai Lung Kee at Songjiang District, Shanghai, China and began production of mould bases for customers in Eastern region of China.

1996

Established Guangzhou Lung Kee at Guangzhou city, Guangdong Province, China and began production of high precision mould bases for overseas customers.

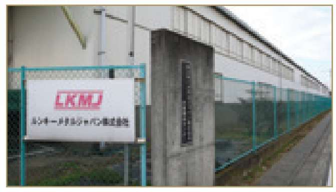
1995

Following the commencement of production of Dongguan Lung Kee (Phase III of Dongguan plant), Lung Kee Group became the largest mould base manufacturer in China.

1994

Gained ISO 9002 accreditation.

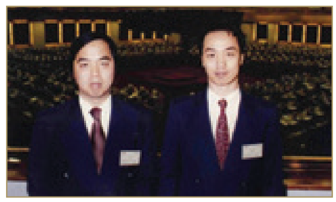
Established a joint venture in Tokyo, Japan.



Became a distributor of DAIDO, a quality tool steel brand of Japan.

1993

Lung Kee Group's shares began listing on the Main Board of the Hong Kong Stock Exchange.



Established a joint venture in Malaysia.

Dongguan Lung Kee (Phase II of Dongguan plant) began production.

1992

Established Dongguan Lung Kee (Phase I of Dongguan plant) at Dongguan city, Guangdong Province, China and began production of standard mould bases. There was about 30,000 sq.m. in area and about 600 workers were employed.

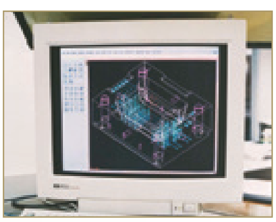
1991

Began trial production of standard mould bases in mainland China.

Established a subsidiary in Singapore to develop the market outside Hong Kong, China.

1989

Introduced Computer-Aided Design and Manufacturing (CAD/CAM) software into mould base production to enhance product quality and production efficiency.

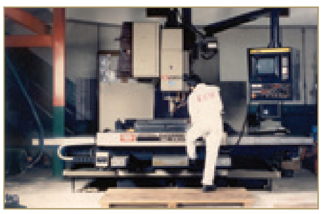


1988

Began mass production of standard mould bases.

1987

Introduced Computerised Numerical Control (CNC) machining centres into mould base production, the first in Southeast Asia.



1986

Began production of mould bases in imperial standard.

Became a distributor of ASSAB, a quality tool steel brand of Sweden.

1984

Expanded the workshop to about 800 sq.m. in area and established a Mould Base Production Department to provide machining services to customers.

1977

Established a 2nd workshop in Hong Kong, China, the workshop was about 150 sq.m. in area and 10 workers were employed.

1975

Lung Kee Metal was founded in Hong Kong, China as a tool steel trader supplying mould steel to mould makers in Hong Kong, China. The workshop was only about 30 sq.m. in area.

1975
2025
Anniversary

模板儲存倉庫一角
A view of the mould plates warehouse

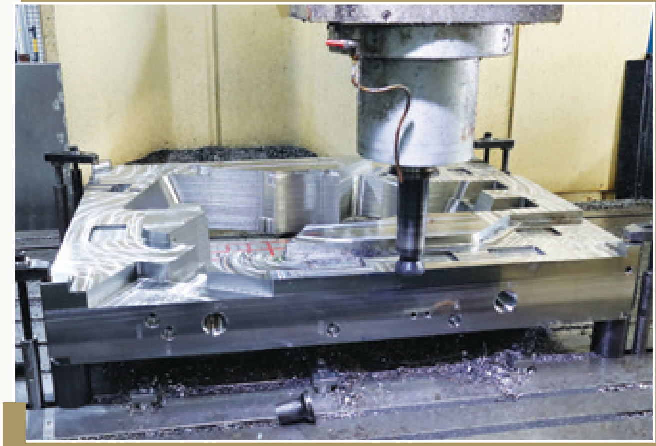
無人駕駛電動搬運車正在搬運模板
The driverless electric truck is moving the mould plates

大型非標模架部分
Part of a large size custom-made mould base

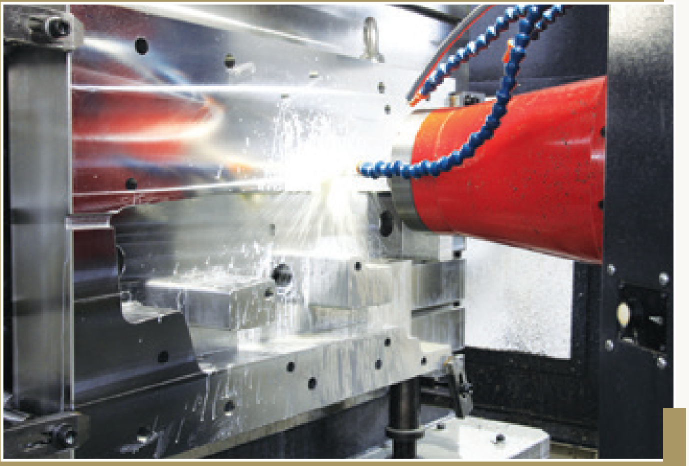
生產線上的機械臂
A robotic arm at the production line

真空熱處理爐提供穩定的熱處理加工服務
Vacuum furnaces provide stable heat treatment services

廣泛使用自動化設備以減省大量人力
Extensive use of automatic equipment to save a lot of manpower



一件大型非標模架正進行加工
A large size custom-made mould base is undergone machining



卧式加工中心正為一件大型非模標架進行切削形框及精孔
A horizontal machining centre is processing the pocketing and precision holes for a large size custom-made mould base