

GOLIK
HOLDINGS LIMITED

2024

ANNUAL REPORT

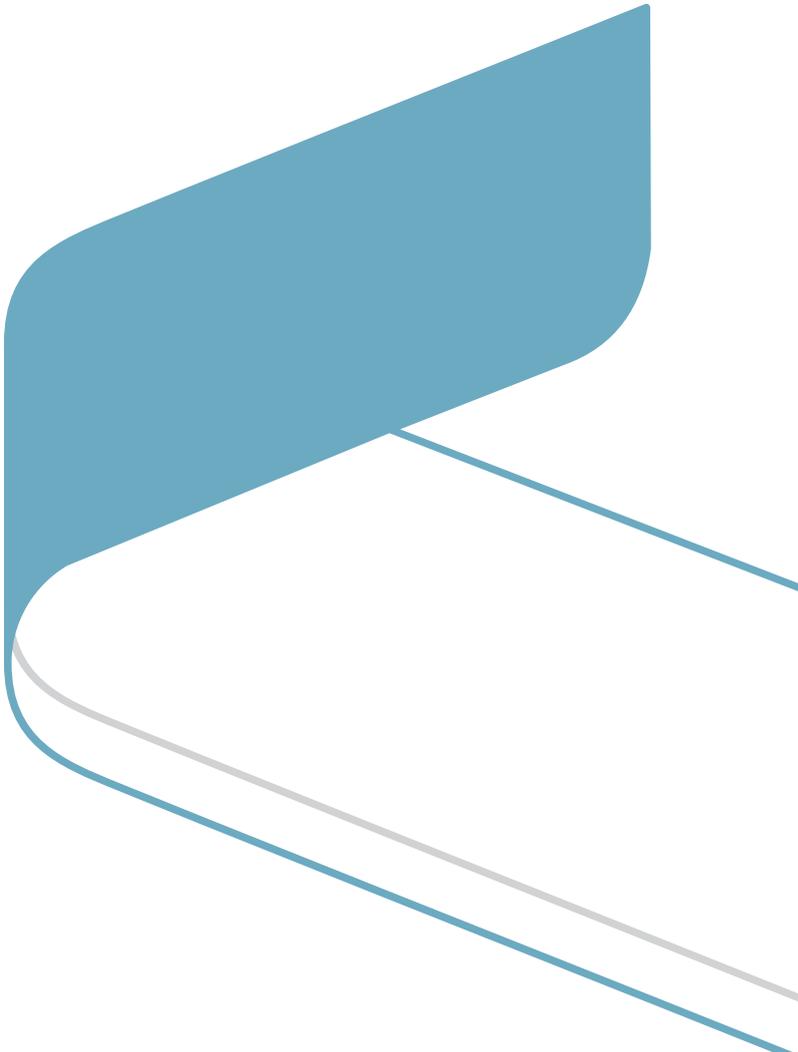
Incorporated in Bermuda
with limited liability
Stock Code: 1118

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GOLIK

2024

ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. PANG Tak Chung MH (*Chairman*)
Mr. HO Wai Yu, Sammy (*Vice Chairman*)
Ms. PANG Wan Ping (*Chief Executive Officer*)
Mr. PANG Chi To

Independent Non-executive Directors

Mr. HAI Tuen Tai, Freddie
Mr. LUK Kam Fan, Jimmy
Mr. LINN Hon Chung, Ambrose

COMPANY SECRETARY

Mr. HO Wai Yu, Sammy
FCCA MHKCS MHKSI

AUDIT COMMITTEE

Mr. HAI Tuen Tai, Freddie
Mr. LUK Kam Fan, Jimmy
Mr. LINN Hon Chung, Ambrose

REMUNERATION COMMITTEE

Mr. PANG Tak Chung MH
Mr. HAI Tuen Tai, Freddie
Mr. LUK Kam Fan, Jimmy
Mr. LINN Hon Chung, Ambrose

NOMINATION COMMITTEE

Mr. PANG Tak Chung MH (*Chairman*)
Mr. HAI Tuen Tai, Freddie
Mr. LUK Kam Fan, Jimmy
Mr. LINN Hon Chung, Ambrose

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 6505, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISORS

Loeb & Loeb LLP
W. K. To & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.golik.com

STOCK CODE

1118

INVESTOR RELATION

ir@golik.com

FINANCIAL SUMMARY

For the year ended 31st December,

RESULTS

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Revenue	2,991,068	4,053,908	4,271,161	4,145,653	3,445,784
Profit before taxation	141,304	249,096	106,180	178,756	208,262
Income tax expense	(23,659)	(27,553)	(15,642)	(17,864)	(27,829)
Profit for the year	117,645	221,543	90,538	160,892	180,433
Profit for the year attributable to:					
Shareholders of the Company	93,545	197,584	75,673	138,921	158,098
Non-controlling interests	24,100	23,959	14,865	21,971	22,335
	117,645	221,543	90,538	160,892	180,433

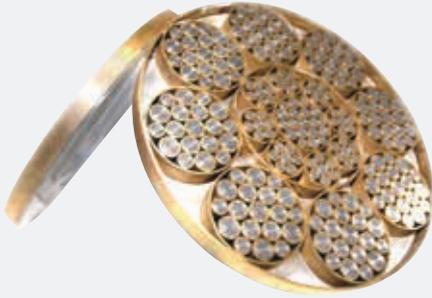
At 31st December,

ASSETS AND LIABILITIES

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Total assets	2,446,006	3,147,841	3,035,259	2,919,328	2,711,903
Total liabilities	(1,340,574)	(1,840,778)	(1,757,123)	(1,532,201)	(1,198,847)
Net assets	1,105,432	1,307,063	1,278,136	1,387,127	1,513,056
Equity attributable to shareholders of the Company	1,016,887	1,193,866	1,169,736	1,268,530	1,382,197
Non-controlling interests	88,545	113,197	108,400	118,597	130,859
Total equity	1,105,432	1,307,063	1,278,136	1,387,127	1,513,056

BUSINESS PROFILE

METAL PRODUCTS



High-performance Wire Rope



High-end Wire Rope Production Line in Tianjin, Mainland China



Galvanized Steel Wire Production Line in Heshan, Guangdong, Mainland China



High-end Wire Rope Production Line in Tianjin, Mainland China

BUILDING CONSTRUCTION MATERIALS



Steel Distribution



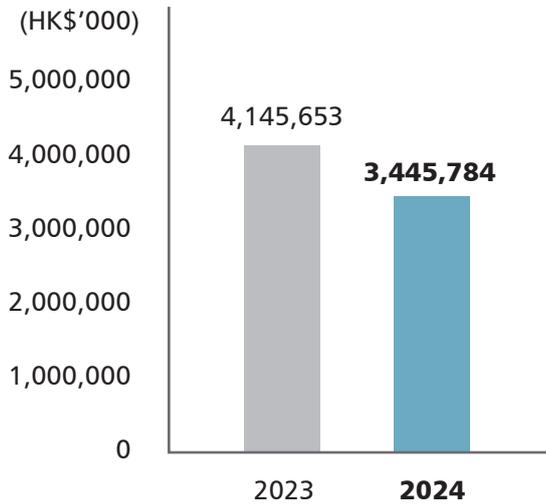
Supply of Ready Mixed Concrete



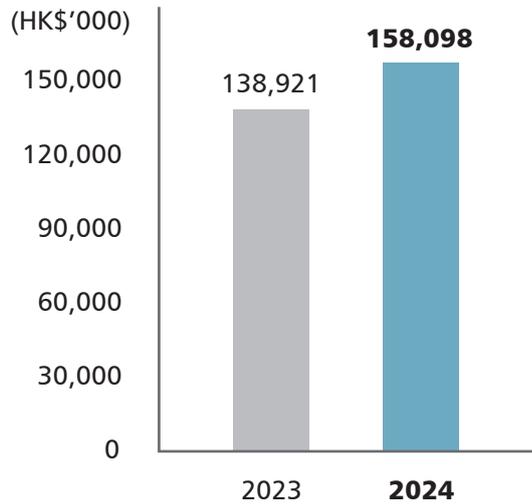
Automated Cut-and-bend Rebars Processing Plant in Tai Po, Hong Kong

FINANCIAL HIGHLIGHTS

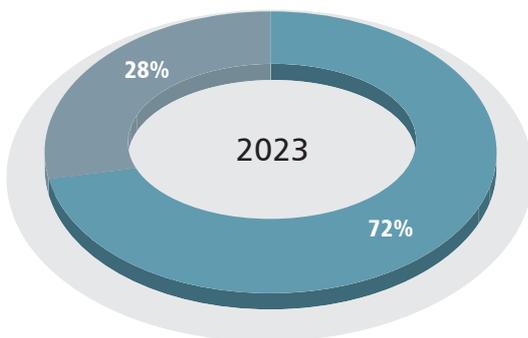
Revenue for the years ended 31st December, 2023 and 2024



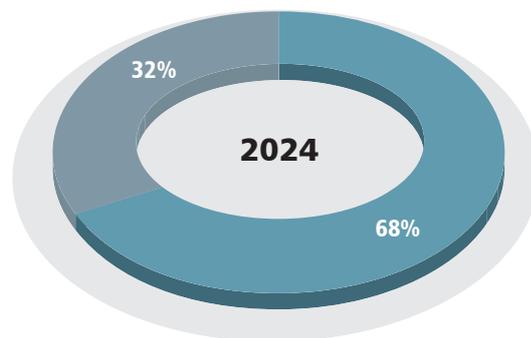
Profit for the year attributable to shareholders of the Company for the years ended 31st December, 2023 and 2024



Revenue by operating segments for the years ended 31st December, 2023 and 2024



- Building construction materials 72%
- Metal products 28%
- Other operation 0%



- Building construction materials 68%
- Metal products 32%
- Other operation 0%

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

During the year, metal products in Mainland China and building construction materials in Hong Kong continue to represent the Group's two core businesses.

For the year ended 31st December, 2024, the Group's total revenue was approximately HK\$3,445,784,000, representing a decrease of 17% compared to last year.

The decrease in revenue was mainly due to the decrease of delivery volumes of building construction materials in Hong Kong compared to last year.

After the deduction of the profit attributable to non-controlling interests, the profit attributable to the Company amounted to approximately HK\$158,098,000, representing an increase of 14% compared to last year.

During the year, amid a challenging macroeconomic environment, both of the Group's core businesses faced varying degrees of operational pressure, particularly the building construction materials business in Hong Kong. In a complex and ever-changing landscape with intensifying market competition, the Group continued to adopt a business strategy of seeking progress while maintaining stability, and implementing lean operations to achieve maximum efficiency, thereby providing customers with premium products and high-quality services. Through the tireless efforts of the management team and all employees, the annual performance still recorded growth compared to last year.

The Group is confident that its well-established business portfolio and proactive team can demonstrate their resilience effectively in this challenging environment.

Pang Tak Chung MH
Chairman



CHAIRMAN'S STATEMENT

Metal Products

The business mainly consists of steel wires and steel wire rope products manufactured in Tianjin, Heshan and Jiangmen in Mainland China.

Revenue for the year was approximately HK\$1,090,361,000, representing a decrease of 7% compared to last year. Profit before interest and taxation was approximately HK\$121,055,000, representing an increase of 45% compared to last year.

The Mainland manufacturing industry is generally facing a decline in demand and overcapacity, leading to cut-throat competition in the market. The Group's elevator wire rope business in Mainland China is also subject to this fierce competition. With the real estate market in a prolonged downturn, the production of major elevator manufacturers has generally dropped by approximately 25% compared to last year, which has had a significant impact on the Group's elevator wire rope production and selling prices. During the year, the management actively explored the maintenance and export markets and ramped up promotion of high-performance elevator wire ropes, yielding good results and effectively offsetting the downward pressure on volume and pricing of new elevators in the elevator market. In particular, exports to Southeast Asian markets showed encouraging results. With economic recovery gaining traction in Southeast Asian countries such as Indonesia and Vietnam in recent years, there is room for developing the Group's high-performance steel wire product exports to Southeast Asia.

The high-performance lifting wire rope business continued to grow during the year. Although the domestic construction machinery manufacturing sector remained sluggish, exports of high-performance lifting wire ropes performed well, with the Group's wire rope products enjoying a good reputation for quality and service. During the year, the steel wire rope company in Tianjin was awarded the Supplier Excellence Recognition by **Caterpillar**, the world's largest manufacturer of construction machinery equipment – a testament to the Group's high-performance steel wire rope products and services earning customer recognition. The Group believes that the Group's way forward is to remain its steadfast commitment to premium products and high-quality professional services. The performance of steel wire rope products during the year was satisfactory.

Building Construction Materials

The business comprises mainly of ready mixed concrete, precast concrete products and processing and distribution of construction steel products in Hong Kong.

Revenue for the year was approximately HK\$2,354,428,000, representing a decrease of 21% compared to last year. Profit before interest and taxation was approximately HK\$151,721,000, representing a decrease of 8% compared to last year.

The construction industry in Hong Kong began to slow down within the year. The property market remained weak, with a significant decrease in new development projects by private developers, while the progress of some government public work projects also slowed down. The decrease in construction activity has led to increased market competition, and even the closure of some long-established construction companies. The Group's building construction materials business has also been affected to a certain extent.

CHAIRMAN'S STATEMENT

In order to strengthen risk management, the Group has made strategic adjustments to its building construction materials business, focusing on enhancing value-added processing services and avoiding simple price competition; emphasising on operational efficiency rather than sheer scale. Although the volume of building construction materials delivered decreased during the year, the gross profit margin improved, yielding relatively satisfactory results.

It is expected that the construction industry in Hong Kong will continue to go through difficult period ahead. Hopefully in two to three years, with the gradual commencement of the "Northern Metropolis" project, the construction industry in Hong Kong will recover. The Group remains confident about the prospects of the building construction materials business in Hong Kong.

During the year, the Group invested in the establishment of **Assure Medical Imaging (AMI)**, a medical testing centre that provides comprehensive imaging laboratory services. It has been successfully put into service before the end of year as planned. Our experienced medical staff and advanced imaging equipment, including positron emission tomography-computed tomography (PET-CT), magnetic resonance imaging (MRI), computed tomography (CT) scanning, ultrasound, mammography, bone density scanning and X-ray, provide patients with a one-stop solution to ensure precise and reliable diagnosis. The medical testing centre will begin generating revenue in 2025 and will become one of the Group's operating businesses. The Group is confident that this business will generate positive returns in the long term.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2024, the total cash and cash equivalents of the Group amounted to approximately HK\$599,490,000 (31st December, 2023: approximately HK\$652,131,000). As at 31st December, 2024, current ratio (current assets to current liabilities) for the Group was 2.04:1 (31st December, 2023: 1.67:1).

As at 31st December, 2024, the total borrowings of the Group amounted to approximately HK\$536,733,000 (31st December, 2023: approximately HK\$906,133,000).

As at 31st December, 2024, capital commitments contracted in respect of acquisition for property, plant and equipment for the Group amounted to approximately HK\$2,263,000 (31st December, 2023: approximately HK\$86,074,000), funding for the capital commitments will be generated mainly from internal resources.

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As Hong Kong dollars is pegged to United States dollars, the Group believes its exposure to exchange risk is limited. For the fluctuation of exchange rate of Renminbi, the Management will continue to monitor foreign exchange exposure of Renminbi and will take prudence measures to minimize the currency risk.

CAPITAL STRUCTURE

The number of the Company's ordinary shares in issue as at 31st December, 2024 was 574,378,128 (31st December, 2023: 574,378,128).

As at 31st December, 2024, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,382,197,000 (31st December, 2023: approximately HK\$1,268,530,000).

As at 31st December, 2024, net gearing ratio (total borrowings minus cash and cash equivalents to total equity) was -0.04:1 (31st December, 2023: 0.18:1).

CHAIRMAN'S STATEMENT

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2024, the total number of staff of the Group was 1,483. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 14th June, 2024.

PROSPECT

Looking ahead to 2025, the Group will still face multiple challenges brought about by uncertainties in the global political and economic landscape. In particular, geopolitical tensions have exacerbated uncertainties, further increasing the unpredictability of the economy and the market.

The Group is confident that its well-established business portfolio and proactive team can demonstrate their resilience effectively in this challenging environment. The Group will uphold its prudent management and pragmatic yet proactive approach. Guided by the leadership of our professional management team and the dedication of all employees, the Group will spare no effort in achieving its long-term development goals and strive to maximise shareholders returns.

ACKNOWLEDGEMENT

I would like to take this opportunity to sincerely thank each employee and management staff in abundance for their past efforts and contributions. I would also like to thank our customers, shareholders, banks and business associates for their long-term supports. With your continued support in the coming year, the Group endeavours to achieve an even better result.

Pang Tak Chung 彭
Chairman

Hong Kong, 26th March, 2025

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Pang Tak Chung MH, aged 76, has been an executive director of the Company since 1996, currently is the chairman of the Company and the Group, the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Pang is the founder of Golik Metal Industrial Company Limited (“Golik Metal”) in 1977, a director and the sole shareholder of the Company’s major shareholder Golik Investments Ltd. and personally also a substantial shareholder of the Company, he is responsible for overall strategic planning and business move of the Group. Mr. Pang currently is a honorary citizen in both Jiangmen and Heshan of Guangdong Province, he was awarded a Medal of Honor by the Hong Kong Government in 2019. Mr. Pang has over 49 years’ experience in the trading and manufacturing industry in Hong Kong and the Mainland China, he also has extensive experience in international trading practices. Mr. Pang is the father of Ms. Pang Wan Ping and Mr. Pang Chi To, both are executive directors of the Company.

Mr. Ho Wai Yu, Sammy, aged 69, has been an executive director of the Company since 1996, currently is the vice chairman and company secretary of the Company and the finance director of the Group, he is responsible for finance, accounting, information technology development, legal and corporate matters of the Group. Mr. Ho is a fellow member of the Association of Chartered Certified Accountants, a full member of the Hong Kong Computer Society, an ordinary member of the Hong Kong Securities and Investment Institute and a founder and permanent honorable president of the IT Accountants Association. He has over 44 years’ experience in finance, accounting, computing, investment and project management. Mr. Ho joined Golik Metal in 1994.

Ms. Pang Wan Ping, aged 47, has been an executive director of the Company since 2013, currently is the chief executive officer of the Group. Ms. Pang is also a director of the Company’s major shareholder Golik Investments Ltd., she is responsible for overseeing core business units of the Group on their overall managements each respectively, coordinating various activities among the Group’s operations, identifying new project and looking after its development. Ms. Pang holds a Bachelor of Architecture Degree, a Master Degree of Commerce majoring in Finance and a Master Degree of Legal Studies, all graduated from The University of New South Wales, Australia. She is a Registered Architect with the New South Wales Architects Registration Board in Australia, a member of the Australian Institute of Architects, a chartered member of the Royal Institute of British Architects and an associate member of the Hong Kong Institute of Architects. Ms. Pang currently is a member of the Chinese People’s Political Consultative Conference Tianjin Municipal Committee. Ms. Pang joined the Company in 2009 and has over 22 years’ experience in property development and construction industry. Prior to the Group, she worked at Goodman Group in Australia as a Registered Architect in the property development division. Ms. Pang is the daughter of Mr. Pang Tak Chung MH, the chairman of the Company and the Group, and the sister of Mr. Pang Chi To, an executive director of the Company.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Pang Chi To, aged 48, has been an executive director of the Company since 2021, currently is the chief technology officer of the Group, he is responsible for reviewing new plant and machinery purchases, coordinating technical specialists for relevant maintenance work and obtaining latest information regarding steel/metal value added production process technology/methodology from time to time for the Group, furthermore, he also looks after several member business operations of the Group. Mr. Pang holds a Bachelor of Engineering (Mechanical) from the University of Sydney, Australia. In Hong Kong, he is a member in Industry & Technology Committee of the Hong Kong General Chamber of Commerce and a director in General Committee of the Hong Kong Metal Merchants Association, further in Mainland China, he is an executive president in Council Committee and the president in Youth Committee both of the Jiangmen Association of Enterprises with Foreign Investment. Mr. Pang joined as a sales engineer in the Group's welded wire mesh division early in 2001, since then he worked in different business units particularly in the areas to study, update, recommend and coordinate procurement, installation and maintenance work for major machineries and equipment for the Group's steel/metal value added production process, he has over 23 years' experiences and exposure in the industrial plants and machineries aspect. Mr. Pang is the son of Mr. Pang Tak Chung ^{MH}, the chairman of the Company and the Group, and the brother of Ms. Pang Wan Ping, an executive director of the Company.

Mr. Hai Tuen Tai, Freddie, aged 57, has been an independent non-executive director of the Company since 2021, currently is a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Hai holds a Degree of Bachelor of Science (Hons) Architecture, Planning, Building & Environmental Studies and Post-graduate Diploma of Architecture, both graduated from the Bartlett School of Architecture, University College London, London University, United Kingdom. He is a Registered Architect and Authorized Person (Architect) in Hong Kong and a Registered Architect under PRC Class 1 Registered Architect Qualification in Mainland China. He is a member of the Hong Kong Institute of Architects in Hong Kong and a LEED accredited professional of the Green Business Certification Incorporation in United States. Mr. Hai is a council member of Hong Kong Institute of Architects and a member in the Planning Sub-committee of the Land and Development Advisory Committee and the Harbourfront Commission of the Hong Kong Government. He is a director of architecture of Ove Arup & Partners Hong Kong Limited in Hong Kong, with over 30 years' experience and exposure in architectural field.

Mr. Luk Kam Fan, Jimmy, aged 65, has been an independent non-executive director of the Company since 2022, currently is a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Luk holds a Degree of Bachelor of Art (Hons) in Economics majoring in finance and accounting from the University of Manchester, United Kingdom. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a corporate consultant working on his own in both Hong Kong and Australia. He is an independent non-executive director of Powell Max Limited since September 2024, the shares of which are listed on the Nasdaq Stock Market (stock code: PMAX). He has over 27 years' experience and exposure in the accounting, auditing, taxation and corporate advisory services with "Big Four", included PricewaterhouseCoopers and Deloitte Touche Tohmatsu.

Mr. Linn Hon Chung, Ambrose, aged 64, has been an independent non-executive director of the Company since 2023, currently is a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Linn holds a degree of Bachelor of Science (Hons) Finance and Marketing from the University of San Francisco, United States, he is the chief executive of Hong Kong Construction Materials Association Limited (the "Association"), the Association is the authoritative representative and unified voice for construction materials industry in Hong Kong and also a liaison key point between the industry and relative bureaus and work departments from the Hong Kong Government. Mr. Linn is a chartered fellow of The Chartered Institute of Logistics and Transport in Hong Kong, he has over 32 years' experience and exposure in the logistics industry, previously having served DHL Global Forwarding Asia Pacific, TNT Hong Kong and Kerry Logistics Hong Kong Limited for different positions at top management during which he participated in various value added strategic roles for integrated demand/supply/value chain management, air/ocean/road/multimodal freight forwarding transport services and technology based customer oriented data digitalization infrastructure.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintain a good standard of corporate governance practices within the Group as set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

CORPORATE GOVERNANCE PRACTICES

The Company has fully complied with the code provisions set out in the CG Code for the year ended 31st December, 2024.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standards set out in Appendix 10 to the Listing Rules (the “Model Code”). Specific enquiry has been made by the Company to each director of the Company confirming that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the year ended 31st December, 2024.

THE BOARD

The Board currently comprises four executive directors and three independent non-executive directors. The members of the Board during the year and up to the date of this report are:

Executive Directors

Mr. Pang Tak Chung ^{MH} (*Chairman*)
Mr. Ho Wai Yu, Sammy (*Vice Chairman*)
Ms. Pang Wan Ping (*Chief Executive Officer*)
Mr. Pang Chi To

Independent Non-executive Directors

Mr. Hai Tuen Tai, Freddie
Mr. Luk Kam Fan, Jimmy
Mr. Linn Hon Chung, Ambrose

The directors acknowledged their responsibilities for the preparation of the accounts of the Group.

The Board is responsible for overseeing overall management of business and strategic development, deciding business and investment plans and exercising other powers, functions and duties conferred by shareholders at the general meeting. All directors have full and timely access to all relevant information in relation to the Company as well as the advices and services of the company secretary, if and when required, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed.

For a director to be considered independent, the director must not have any direct or indirect material relationship with the Group. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers each of the independent non-executive directors to be independent.

The directors and officers’ liability insurance has been arranged for all directors and officers of the Group.

CORPORATE GOVERNANCE REPORT

TRAINING AND SUPPORT FOR DIRECTORS

All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The company secretary from time to time reports latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime and arranges suitable trainings related to the roles, functions and responsibilities of the directors. The Company encourages all directors to attend external courses for knowledge strengthened relating to the director's roles and responsibilities of a listed company, and course fee for which could be reimbursable fully upon applied.

All directors have provided to the Company their records of training which they have received during the year. Details as follows:

Name	Attending seminar(s) or programme(s)/ reading relevant materials
Executive Directors	
Mr. Pang Tak Chung MH	✓
Mr. Ho Wai Yu, Sammy	✓
Ms. Pang Wan Ping	✓
Mr. Pang Chi To	✓
Independent Non-executive Directors	
Mr. Hai Tuen Tai, Freddie	✓
Mr. Luk Kam Fan, Jimmy	✓
Mr. Linn Hon Chung, Ambrose	✓

TERMS OF NON-EXECUTIVE DIRECTORS

Code provision of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election.

The Company has entered into service contracts with the directors (including non-executive directors) which set out key terms and conditions relative to their appointments. All of them have agreed and accepted with the terms and conditions under their respective service contracts. The service contracts of all non-executive directors are on an annual renewable basis.

All directors of the Company shall be subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws.

CORPORATE GOVERNANCE REPORT



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the role of the chairman and chief executive officer are held separately by Mr. Pang Tak Chung 潘國興 and Ms. Pang Wan Ping. The chairman is responsible for overall strategic planning and business move of the Group. The chief executive officer is responsible for overseeing core business units of the Group on their overall managements each respectively, coordinating various activities among the Group's operations, identifying new project and looking after its development.

COMPANY SECRETARY

Mr. Ho Wai Yu, Sammy is the company secretary, who is also an executive director of the Company. He supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters and arranges continuous professional development to the directors. His biography is set out in the "Biography of Directors and Senior Management" of this annual report.

BOARD MEETINGS

The Board met four times regularly during the year. At the meetings the directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed respectively the quarterly, interim and annual results, as well as other significant matters. Daily operational matters are delegated to the management.

The company secretary assists the chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are followed. He also keeps detailed minutes of each meeting, which are available to all directors. Draft copies of the minutes have been circulated to all directors for comment and approval as soon as practicable after each meeting.

All directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have unrestricted access to the advice and services of company secretary, who is responsible for providing directors with board papers and related materials and ensuring that board procedures are followed.

BOARD DIVERSITY

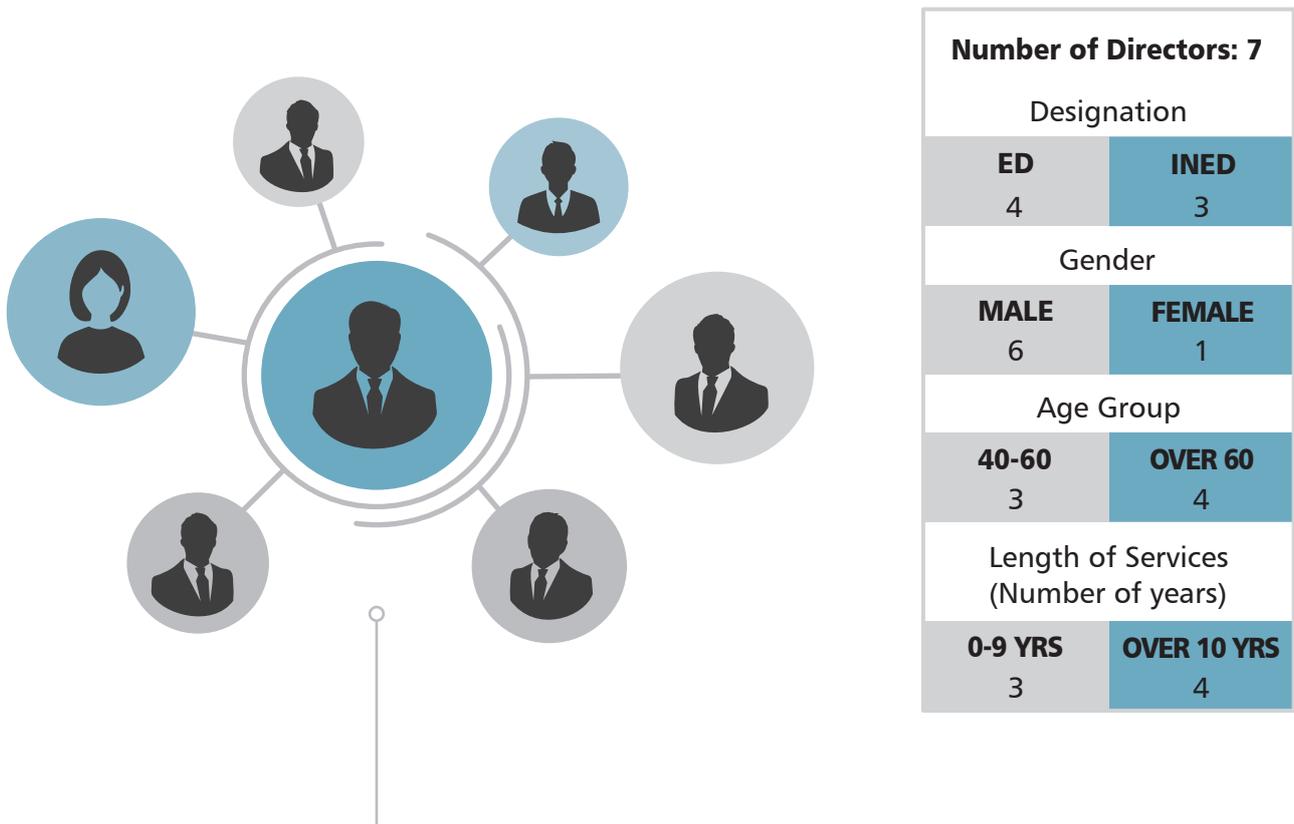
The Board adopted per the Company's self condition of the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach to achieve diversity on the Board. Under the Board Diversity Policy, the appointments and/or recommendation for appointment will be based on objective criteria, having due regard to the benefits of diversity on the Board, including but not limited to, the candidates' gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board monitors, from time to time, the implementation of the Board Diversity Policy, and reviews, as appropriate, the policy to ensure the effectiveness of the Board Diversity Policy. The Board will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

CORPORATE GOVERNANCE REPORT

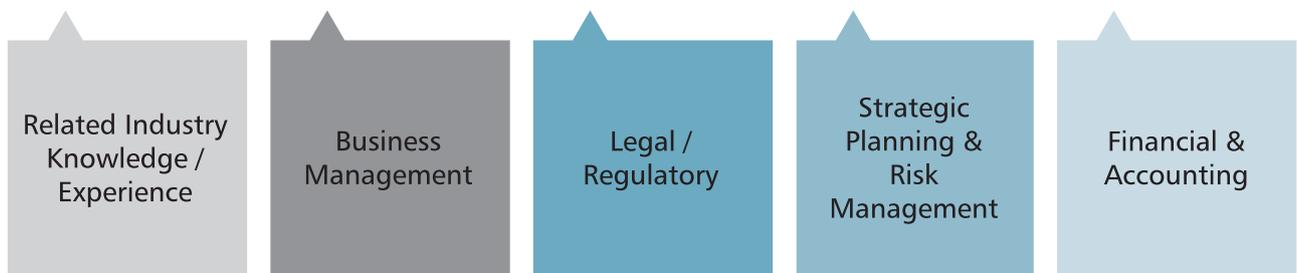
BOARD DIVERSITY *(continued)*

Board Composition, Gender & Age Distribution and Length of Service



Currently, the Board includes a female member, accounting for 14% in the Board’s members composition, subject to further need of the Company’s business in future, the Board may consider to seek to increase female ratio in the Board if required.

Areas of Board Skills & Experience



The Board diversity contains global business vision, high level profession professionalism and independence essential element making the Board capable to ensure the required independent judgement to carry out professional, logical, honest and accurate decision on deliberation and consideration of all material matters.

The nomination committee has reviewed composition, size and structure of the Board during the year and upon taken the business requirement of the Company into consideration, is of a view that the current incumbent Board has fulfilled relevant requirements per the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on objective criteria, having due regard to the benefits of diversity on the Board under the Board Diversity Policy.

AUDIT COMMITTEE

The Company established its audit committee on 5th January, 1999 with written terms of reference which are in line with the CG Code and available on the Company's website. The audit committee comprises Messrs. Hai Tuen Tai, Freddie, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose who are all independent non-executive directors. The audit committee shall meet at least twice a year to review the Group's financial reporting process and internal controls.

During the year, the audit committee met four times to review the completeness, accuracy and fairness of the Group's financial statements, financial reporting system, internal control system, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Group's interim and annual results have been reviewed by the audit committee, who is of the opinion that the relevant financial statements of the Group are complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made. The adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function has also been reviewed by the audit committee.

REMUNERATION COMMITTEE

The Company established its remuneration committee on 21st April, 2005 with written terms of reference which are in line with the CG Code and available on the Company's website. In order to comply with the requirements under the CG Code, a majority of the members of remuneration committee has to be independent non-executive directors. Currently, the remuneration committee comprises one executive director namely Mr. Pang Tak Chung ^{MH} and three independent non-executive directors namely Messrs. Hai Tuen Tai, Freddie, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose.

The remuneration committee shall meet at least once a year to make recommendations to the Board on the Group's policy and structure for all remuneration of executive directors and on the establishment of formal and transparent procedures for developing policy on such remuneration.

The remuneration committee held one meeting during the year and discussed and reviewed the remuneration package of executive directors and the remuneration policy for executive directors for the year ended 31st December, 2024.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company established its nomination committee on 30th December, 2021 with written terms of reference which are in line with CG Code and available on the Company's website. In order to comply with the requirements under the CG Code, a majority of the members of nomination committee has to be independent non-executive directors. Currently, the nomination committee comprises one executive director namely Mr. Pang Tak Chung ^{MH} and three independent non-executive directors namely Messrs. Hai Tuen Tai, Freddie, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose. Mr. Pang Tak Chung ^{MH} is the chairman of the nomination committee.

The nomination committee shall meet at least once a year to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of directors and succession planning of directors. Furthermore, it also assesses the independence of independent non-executive directors having regard to the criteria under the Listing Rules and reviews the director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

The nomination committee held one meeting during the year and discussed and reviewed the structure, size, diversity profile and skills set of members of the Board against its needs for the year ended 31st December, 2024.

NOMINATION POLICY

The Board has also adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate include, inter alia, his/her academic background and professional qualifications, relevant experience in the industry, character and integrity and whether he/she can contribute to the diversity of the Board as detailed in the Board Diversity Policy. The procedure of appointing and re-appointing a Director is summarised as follows:

- nomination and invitation of suitable candidates by any member of the Board;
- evaluation of the candidate by the Board based on all selection criteria as set out in the Nomination Policy;
- performing due diligence in respect of each candidate and making recommendation for the Board's consideration and approval;
- in case of nomination of an independent non-executive director, assessing the candidate's independence under the relevant code provisions of the CG Code and the Listing Rules;
- where nominating an independent non-executive director for election at general meetings, having due consideration of matters under code provision B.3.4 of the CG Code;
- in the context of re-appointment of retiring directors, reviewing the candidate's overall contribution and performance and making recommendations to the Board and/or the shareholders for consideration in connection with his/her re-election at general meetings; and
- convening a meeting of the Board to consider the appointment or re-appointment of the candidate as a director.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE RECORDS FOR MEETINGS HELD DURING THE YEAR ENDED 31ST DECEMBER, 2024

Name	Number of Meetings attended/held during the year				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Pang Tak Chung MH	4/4	N/A	1/1	1/1	1/1
Mr. Ho Wai Yu, Sammy	4/4	N/A	N/A	N/A	1/1
Ms. Pang Wan Ping	4/4	N/A	N/A	N/A	1/1
Mr. Pang Chi To	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Hai Tuen Tai, Freddie	4/4	4/4	1/1	1/1	1/1
Mr. Luk Kam Fan, Jimmy	4/4	4/4	1/1	1/1	1/1
Mr. Linn Hon Chung, Ambrose	4/4	4/4	1/1	1/1	1/1

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the articles of association of the Company. Subject to compliance with applicable laws, rules, regulations and the Articles of Association, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

An effective risk management is integral to developing the strategy that drives business objectives of the Group. The Board provides oversight of the risk management process. With the implement a top-down and company-wide risk management and internal control systems that covers every aspect of the business, the risk management process is incorporated into the daily operations. All employees are reminded to stay vigilant to potential risks in the operations. The Board evaluates impacts of the potential risks in order to identify and pay attention to major risks in the business. The risk management and internal control systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against material misstatement or loss.

The management of the Group has established the policies and procedures in areas of risk domains, including but not limited to financial, business and strategic, operational for safeguarding assets against any unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Group's risk management and internal control systems on an ongoing basis. Periodic meetings are held and guidance are issued to the directors and management where appropriate, to raise awareness of best corporate governance practices. The Group also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

Delegation of management functions

The Board reserves its decision for all major matters in each the Group's business unit including approving and monitoring policy makings, overall strategies and budgets, internal controls systems and risk managements, material business transactions, capital commitments, bank credit arrangements, appointment of executive officers and other significant financial and operational matters.

The day to day management of each the Group's business unit is delegated to respective executive officer and operating management. The delegated functions and responsibilities are required to be reviewed periodically, approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Group's internal audit function carry out review work per respective pre-scheduled operation and procedure manual for each of the Group's business unit periodically and submit its findings, if any, for the audit committee's review and comment to the Group's risk management and internal control systems. Recommendation if any made from the audit committee, the Board is pleased to adopt where appropriate.

Handling and dissemination of inside information

The Group complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules to formulate an inside information guideline on handling inside information and reminded the directors and employees about compliance with the guideline which is enforced in the staff handbook. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. Release of inside information shall be overseen by the Board. Unless authorised by the Board, the staff members of the Group shall not disseminate inside information relating to the Group to any external parties which may materially affect the trading price or volume of the shares on the market. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact which requires equal disclosure of both positive and negative facts.

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

For the year ended 31st December, 2024, the Board considered the risk management and internal control systems of the Group to be effective and adequate. No significant areas of concern that might affect shareholders were identified.

CORPORATE GOVERNANCE REPORT



AUDITOR'S REMUNERATION

During the year ended 31st December, 2024, the fees paid/payable to the principal auditor of the Company, Deloitte Touche Tohmatsu ("Deloitte"), in respect of audit and non-audit services provided by Deloitte were as follows:

Nature of services	Fee paid/ payable HK\$'000
Audit services	2,381
Non-audit services	
– Agreed-upon procedures in relation to preliminary announcement of annual results	10
– Occupational Retirement Schemes under Practice Note	8
	<hr/>
Total fees	2,399

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to enhance communication and relationship with shareholders, general meeting of the Company provides a direct forum for communication between shareholders and the Board. General meeting includes annual general meeting (the "AGM") and special general meeting (the "SGM"), the AGM shall be convened by the Board while the SGM can be convened by the Board or shareholders. Other than the AGM, all general meetings of the Company are called the SGM.

The AGM allows the Company's directors to meet and communicate with shareholders yearly, a circular with form of proxy and notice of the AGM is dispatched to all shareholders at least 20 clear business days prior to the meeting date, setting out detail of each proposed resolution, poll voting procedure and other relevant information. In the AGM, the chairman would demand poll for each resolution being put forward to be voted in accordance with the Company's Bye-laws. After the AGM, all poll voting results would be published on the websites of the Stock Exchange and the Company respectively.

Apart from general meetings, the Company's website also acts as an efficient channel to provide both financial and non-financial information for shareholders, including corporate matters, business overview, interim and annual reports, press releases, announcements, circulars as well as overall industry development to enable shareholders to have a timely and an updated idea of the Group.

SHAREHOLDERS' RIGHTS

The way in which shareholders can convene a SGM and the procedures for making proposals

In accordance with the Company's Bye-laws, shareholders altogether holding not less than one-tenth of the Company's paid-up capital carrying voting right in general meetings of the Company shall at all times have the right by a written requisition to the Board to demand a SGM to transact proposal(s) requested and such SGM shall be held within 2 months from the date of the requisition deposited.

Within 21 days of such deposition, if the Board failed to convene such a meeting for shareholders, the meeting requisitionists may convene the SGM themselves to do the same in accordance with the Company's Bye-law.

Names and shareholdings registered with the Company of the requisitionists and their proposal(s) to be transacted in the SGM must be stated clearly in the written requisition and such requisition shall be deposited to the Company's head office in Hong Kong.

The procedures for sending enquiries to the Board

Any enquiries from shareholders can be made by telephone, facsimile or email to the Company during office hours, or by letter sent to the Company's head office in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Golik Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) is pleased to present our Environmental, Social and Governance (“ESG”) performance report (the “Report”) for the year 2024. This Report details our continuous effort in our Group’s ESG journey as we continue to aspire to be a positive contributor to our communities, our society and our environment.

Board Statement

The primary aim of the Board is to create, enhance and deliver long-term sustainable positive returns for our shareholders and this sets as the key objective for all our business units. We believe acting sustainably is equally important when we realise the full potential of our two core pillars of business that meets the aspirations of the broader stakeholder community.

Sustainability is embedded in our corporate strategy and engrained in our organisational culture. This principle also underpins our business objectives and actions to promote good governance and business processes in our day-to-day operations. Under the direction of the Board, the Group’s sustainability policies and practices for our four material ESG aspects have been formulated and aligned with our desired standards.

ESG is integrated through our Group and sustainability is our long-term development goal as we continue to optimize our business to be resilient, efficient, and innovative. Sustainability is also a critical component in all our decision making since it is highly important for all our stakeholders.

The Group takes a pragmatic approach and through our conscious and deliberate participation in a variety of initiatives and activities, the Group aims to continuously improve on our sustainable performance in a manner that is accountable to all our stakeholders.

Sustainability Governance Structure

The Group has formalized a Sustainability Committee which is under the leadership of our Board of Directors. An Executive Director is assigned to lead the working group and this group is supported by our operations’ general managers and our corporate department. The Sustainability Committee works closely with the Board in implementing various ESG approaches and evaluates its performance for the Group’s sustainable growth.

The Sustainability Committee also reviews the ESG objectives regularly so we can respond to global trends, new disclosure requirements and reporting standards, and our stakeholders’ expectations. The priority of the Committee is to monitor and urge our business units to shift toward low-carbon targets while continuing to strengthen our ethical and responsible practices and deliver long-term sustainable positive returns.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Period

This Report covers our ESG performance in our Hong Kong and Mainland China operations from 1st January, 2024 to 31st December, 2024 with figure of previous years.

Reporting Framework

The content of the Report is prepared according to standards in “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The statistical data disclosed in this Report are derived from our own data collection. This Report contains data and activities from our operations in Hong Kong and our manufacturing facilities in Hong Kong and Mainland China, with an emphasis on Hong Kong. The Group has implemented a phased approach to our ESG reporting – we will continue to review, expand and provide additional disclosures and information over time so our stakeholders can further understand our ESG approaches and performance. This sustainability framework will continue to integrate into our day-to-day operations so that it remains an important part of what we do. Our annual sustainability report will continue to be published as part of our annual report.

The Report can also be viewed on our website at www.golik.com.

Materiality Assessment

We conducted a Materiality Assessment exercise with key members of our Management in the financial year to identify material aspects. The material aspects that have been identified as material to us are Environmental, Social and Governance issues that reflect significant impacts of our operations, or could substantively influence the assessments and decisions of our Stakeholders. The Group gathers issues of concern internally from our management teams as well as from our operational units. Four material aspects have been identified, which were validated and approved by the Board and they are: Occupational Health and Safety, Environmental, Social and Governing.

Stakeholders’ Engagement

Stakeholders’ Engagement is very essential to our Group since they are entities or individual that can be affected by our Group’s operations, activities, products and services, or whose actions can affect our Group to implement our business strategies and decisions. It is our priority to understand our stakeholders’ expectations and concerns in order to create value for all our stakeholders. During the reporting period, we have conducted various activities to keep a close contact with our key stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER GROUPS

Shareholders and Investors	Banks	Employees	Suppliers	Customers	Community Groups and NGOs	Media
<ul style="list-style-type: none"> • Annual General Meetings • Annual and Interim Results Press Releases • Announcements and Circulars • One-on-one Meetings • Website 	<ul style="list-style-type: none"> • Annual General Meetings • Annual and Interim Results Announcements • Announcements and Circulars • One-on-one Meetings • Press Releases 	<ul style="list-style-type: none"> • Training Sessions • Team-building Activities • Newsletters 	<ul style="list-style-type: none"> • Screening and Assessments 	<ul style="list-style-type: none"> • Customer Service Hotlines • Screening and Assessments • Surveys 	<ul style="list-style-type: none"> • Community Events • Social Media 	<ul style="list-style-type: none"> • Press Releases • Website



Stakeholders' Feedback

We welcome feedbacks from our stakeholders with regards to our sustainability efforts as they are valuable comments to our sustainability development and improvement. Please kindly send your feedback to:

Email: info@golik.com

Address: Suite 6505, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Environmental Performance

The Group is committed to pursue a high standard of environmental management throughout its operations. We strive for continual improvement of environmental performance, the efficient use of resources, and the minimisation or prevention of pollution.

The Group also seeks to comply with applicable environmental laws, regulations and mandatory standards locally or to the relevant country. The Group will continue to target to minimise or prevent adverse environmental impacts resulting from its operations, products and services.

Furthermore, the Group has adopted various practices to deal with environmental protection, the most important one is the continuous investment in facilities featuring the latest technology, leading to reduced energy consumption and gaseous emissions, thus improving air quality.

For the financial year 2024, we collected and measured the environmental figures from plants located in Hong Kong that may have sustainability concern to our shareholders. The findings are summed up in following paragraphs and also in the company performance and data table.

Air and Greenhouse Emissions

The Group constantly aims to carry out its business activity in line with the principles of sustainable growth and thus minimise its carbon dioxide contribution to the environment. Our actions to stabilise and/or minimise carbon emissions are of substantial importance because they support its operational efficiency. By doing so, the Group monitors carbon emissions, on a monthly basis and implements timely corrective actions in order to ensure that its annual carbon dioxide emissions are in line with the legal restrictions and, most importantly, are kept at the lowest possible level.

The emissions generated by our selected plants are carbon emissions and these are distinguished into direct (Scope 1) and indirect (Scope 2) carbon emissions. The total direct and indirect carbon emissions for the financial year 2024 was 1,748 tonnes of CO₂e, which was decreased by approximately 5.80% compared to year 2023. This decline was primarily attributed to our proactive implementation of various energy-efficient measures. The total direct and indirect carbon emissions (Scope 1 & 2) per production volume was 0.0041 tonne of CO₂e which demonstrated by a decrease of approximately 4.65% compared to year 2023.

Other emissions figures are: Nitrogen oxide (NO_x) emission was 6.33 tonnes, which was decreased by approximately 2.00% compared to year 2023. Sulfur oxide (SO_x) emission was 6.90 kgs, which was decreased by approximately 1.57% compared to year 2023. Particulate matter (PM) emission was 457.50 kgs, which decreased by approximately 1.49% compared to year 2023. The decrease in NO_x, SO_x and PM emission were due to the concerted effort of our plant staff putting into better haulage distance monitoring and order arrangement for our delivery trucks as the haulage distance for delivery trucks is obviously a dominant factor for those emissions. In addition, we have introduced the latest Euro vehicle emission standard trucks, with over half of our fleet are now complied with the Euro VI emission standard. This upgrade ensures that our trucks meet the stringent emission limits and contribute to a cleaner and more sustainable environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hazardous and Non-hazardous Waste

It is embedded in our Group's environmental policy that we manage our hazardous and non-hazardous wastes in a sustainable way. We always aim to reduce waste output and maximise the use of recycling and reuse and recovery methods, target to bring the environment impacts to its minimum. In order to fulfil this intention, the plants selected under the Building Construction Materials sector have developed and applied relevant practices, which are included under the ISO 14001 environmental management system.

For financial year 2024, the total quantity of chemical waste was 0.80 tonne, which is 0.0019 tonne per production volume and remains unchanged compared to year 2023. The total quantity of non-hazardous waste produced was 11,915 tonnes which is 0.0280 tonne per production volume and increased by approximately 0.88% compared to year 2023. We consider that the total quantity of non-hazardous waste below 0.0300 tonne per production volume is within our monitoring limit. Where feasible, the materials to be recycled are utilised inside the plants of the Group's subsidiaries. Where waste cannot be recycled or utilised internally, this is done through collective waste management systems or licensed waste contractors.

Use of Resources

The Group is committed to actively promote the efficient use of resources including energy usage, water conservations and the efficient use of raw materials into our operations. Our approach is continuing to implement effective energy allocation and utilisation, reducing energy and resources wastages.

Electricity and water supply to the Group is mainly purchased from the government. For financial year 2024, the total electricity consumption for the selected plants was 1,254,073 kWh, decreased by approximately 4.41% compared to year 2023. The electricity consumption was 3.14 kWh per production volume and increased slightly by approximately 2.28% compared to year 2023. The total water consumption was 89,263 m³, which is 0.21 m³ per production volume. The water consumption was decreased by 3.77%, and the water consumption per volume was decreased by 4.55% compared to year 2023. The figures for electricity and water consumption both aligned with the ESG targets, but we will continue to monitor for better utilization.

We also implement sustainable green manufacturing approach for our ready mixed concrete operation in which we aim to maximise our resources efficiency and actively recycle waste water during its production process. Furthermore, we continue to conduct periodic energy audit for our plants in order for us to formulate and adopt measures on energy conservation and emission reduction so we can consume the energy in a more efficient and effective manners. As a sustainable green manufacturer – we will continue to research, develop, or utilize technologies and practices to lessen our impact on the environment.

An effective administrative control has been taken to prevent unnecessary use of electricity and energy in all production activities that raise awareness of electricity conservation among our staff. The energy consumption intensity was found 3.14 kWh in 2024 and increased slightly by 2.28% compared to year 2023. We will continue to reduce any necessary use of electricity consumption and implement more energy saving ideas.

During the reporting period, the Group did not encounter any issue in sourcing water that is fit for purpose. The total freshwater consumption intensity was 0.21 m³ (cubic meters per production unit) and decreased by 4.55% compared to year 2023. The water supply in the certain plant was totally provided by the property owners; thus, it was not available for consumption calculation during the reporting period. The company is conscientious in water conservation as it is one of the most precious natural resources on earth. We strive on the utilizing of the treated water in plant daily cleaning and truck washing activities in order to minimize the use of fresh water.

Our finished products do not have any packaging materials hence the total packaging material used is not applicable to our Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The Environment and Natural Resources

The Group is committed to pursue a high standard of environmental management throughout its operations and strive for continual improvement of environmental performance. The Group also seeks to comply with applicable environmental laws, regulations and mandatory standards locally or to the relevant country. The Group will continue to target to minimise or prevent adverse environmental impacts resulting from its operations, products and services. By integrating green manufacturing and green concept in our daily operations, the Group will make sure the environmental impacts will be at its lowest and continue to strive to be a responsible global citizen.

Climate Change

Climate change is one of the most important issues the world faces today and the Group recognizes its commitment to work towards a better sustainable environment and strives to address and mitigate any climate change related issues and challenges.

Our approach is actively reducing climate-related physical risks to our operations and supply chain, mitigating transition risks and leveraging opportunities. We continue to make every effort in lowering carbon output and improves the efficiency of our operations and reduce related emissions. The Group also recognizes that water is a scarce resource and that future supplies will be affected by population growth and climate change. The Group is committed to manage our water use responsibly and implements water management plan, reduce usage and improve its discharge quality.

Employment and Labour Practices

The Group is committed to foster the well-being of our employee and aims to provide them with a safe and healthy workplace environment. Recognising the value of our people's contribution to our business evolution and future growth, we are committed to the maintenance of labour peace and complied with the relevant laws and regulation relating to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity and anti-discrimination.

As of 31st December, 2024, the total workforce of the Group was 1,483 (2023: 1,482) employees for our Hong Kong and Mainland China operations. Due to the nature of our businesses, majority of our employees are male employees, accounted to 82% (2023: 83%) of our total employees, which was decreased slightly of 1% compared to year 2023. During the reporting period, the total employee turnover rate was 14% (2023: 20%), which demonstrated an improvement compared to year 2023.

The Group is committed to encouraging diversity in the workplace and the provision of a work environment that is free from discrimination and promotes equal opportunity for all; and improving diversity – in particular – the number of females in leadership and other traditionally male dominated roles within the business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment and Labour Practices *(continued)*

HUMAN CAPITAL PROFILE

The Group		Number of Employees 1,483				
By Business Segment		Metal Products 1,012		Building Construction Materials 471		
By Employment Type		Permanent 1,008		Temporary 475		
By Gender		Male 1,220		Female 263		
By Employee Category		Managerial 107		Supervisory 79		General 1,297
By Age Group		30 or Below 129		31-50 962		51 or Above 392
By Region		Hong Kong 339		Mainland China 1,144		

EMPLOYMENT TURNOVER RATE

The Group		Number of Employees 208 (14%)				
By Gender		Male 171 (14%)		Female 37 (14%)		
By Age Group		30 or Below 55 (37%)		31-50 112 (12%)		51 or Above 41(11%)
By Region		Hong Kong 59 (19%)		Mainland China 149 (13%)		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

Human resource is the Group's most important asset and the foundation of the Group's future development and success. The Group believes that workplace health and safety of our employees is an important material aspect due to the nature of our operations. The Group also aims at achieving a high level of occupational health and safety performance and promoting and supporting the safety culture in order to provide healthy and safe working conditions for all of our employees. All injuries, occupational illnesses and incidents are preventable and any harm to our employee through their work activities is unacceptable.

The Group's aim is to educate our employees, make them focus on the importance of safety in all of our business activities and make workplace health and safety becomes everyone's accountability. In particular, we encourage our employees to actively take part in improving our safety standards through various initiative such as monthly safety meetings.

The Group adheres to the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong). The Group ensures our commitments in maintaining workplace health and safety are well conveyed among all employees within the Group.

There was no fatality recorded during the reporting year. The number of days lost due to work injury recorded by the Group was 1,930 days (2023: 1,728 days) during the reporting period which was an increase compared to year 2023.



Development and Training

The Group encourages our employees to develop and advance their careers in our company. We also actively promote continuous learning initiatives and develop a range of training programs for our employees. The offering of trainings comprised of educational events and course on most various topics related to job-specific as well as practices at the workplace. Apart from that, the group provides induction training and continuous internal training for employees at all levels in the hope of helping them adapt to the ever-changing business environment through life-long learning.

During the reporting period, 1,292 (87%) employees in our Group received training. The Group provided a total of approximately 60,000 hours of different kinds of training to those relevant employees and the average training hours completed per employee during the reporting period was 47 hours.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Development and Training *(continued)*

DEVELOPMENT AND TRAINING

The Group		Number of Employees 1,292 (87%)				
By Gender		Male 1,101 (90%)		Female 191 (73%)		
By Employee Category		Managerial 64 (60%)		Supervisory 42 (53%)		General 1,186 (91%)

AVERAGE TRAINING HOURS COMPLETED

By Gender		Male 47		Female 45		
By Employee Category		Managerial 59		Supervisory 23		General 47



87%

Percentage of Employees Trained



47 hours

Average Training Hours per Employee



60,000 hours

Total Training Hours Completed by Our Employees

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Labour Standards

The Group is committed to respecting the labour and human rights of all our employees. The Group insists on application of human rights in all its operations and works towards eliminating any human rights violating practices from the Group's as well as its subcontractors' and suppliers' operating procedures. We regard every employee and everyone involved in the manufacturing of our products to have the right to be treated well and with respect by supervisors, subordinates and colleagues. We do not accept discrimination in any form. We do not condone or tolerate the use of child labour or forced or compulsory labour in any of our operations now in any such operations of our subcontractors that are related to our products.

The Group strictly complies with the applicable laws and regulations on employment, child and forced labour practices which include the Employment Ordinance in Hong Kong, and the Labour Law, Labour Contract Law on this issue. During the reporting period, the Group has not experienced any non-compliance involving child or forced labour.

The Group has set some preventive measures on child and forced labour employment such as carrying out the candidates screening in recruitment process and there is an opinion box with security for employees gathering their opinions in confidential way and only authorized persons are allowed to access the opinion box.

Furthermore, the Group can eliminate such practices through some communication channels including staff appraisal meetings, department meetings, intranet and email communications and seminars, workshops and trainings.

Supply Chain Management

The Group is committed to upholding high standards of business integrity, honesty and transparency in its business dealings. The Group is also committed to manage and continue to strengthen our supply chain in a socially and environmentally responsible manner and source from suppliers that are putting environmental and ethical performance as priority.

The Group persists in establishing long term strategic partnership with suppliers which have good reputations and provide quality products and services.

For each of our businesses, we have established a checklist to assess the suitability of suppliers which include items such as pricing, services, technical capability, quality of raw materials, location, delivery time and services etc. On top of this, we conduct partnership evaluation for our key suppliers and subcontractors on the aspects of quality, environmental and occupational safety. Partnered suppliers and subcontractors of the key processes are evaluated and approved by senior management and their performance is closely monitored with regular feedback from employees at workplace. This evaluation is conducted annually to keep track of the performance of our suppliers and contractors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supply Chain Management *(continued)*

SUPPLIERS BY GEOGRAPHICAL REGION



In addition, the Group is concerned about the environmental and social crisis along the supply chain, the group various operations proactively performs internal audits and conducts the outsourced quality test periodically to ensure the quality of the products and service performance from our suppliers so as to prevent delivery of sub-standard products for construction works. Furthermore, “Just-in-time” management strategy is also applied along with the supply chain to ensure “On-time deliver” of our products and services to customers to avoid any delay in customer’s construction process.

The Group also maintains a strong and mutually beneficial relationship with our customers that enable us to provide high-quality, sector-leading products and services and deliver engagement and positive experiences that are appropriate to local contexts.

Product Responsibility

The Group complies fully with the local laws, the international guidelines and industry standards applicable with its activity sectors in relation with the design and production of its products and the methods it employs for their promotion and marketing. The Group also places particular emphasis on the quality of its materials, products and applies innovative production processes that improve the quality, safety and environmental impacts of each product. We strive to apply the strict application of the procedures under the EN ISO 9001 Quality Management System in some of our core operations. Our commitment on innovative approach in manufacturing our products defines the level of the quality offered to our customers. In addition, the company has obtained the ISO 9001:2015 Quality Certificate for its products under our Building Construction Materials sector.

Regarding the provision of verifiable and clear information on our products for the purposes of labelling, the Group complies fully with the relevant requirements, for example, our steel products carry GOLIK bar pattern and/or with a company tag attached.

During the reporting period, the business unit we selected has no sold products due to recalls for safety and health reasons.

The Group registered 3 domain names significant to the Group’s businesses in Hong Kong and 4 domain names in Mainland China. During the reporting period, the Group did not involve in any material proceedings in relations to the intellectual property rights and there was no claim for any infringement of any intellectual property rights. The Group believes that all reasonable measures have been taken to prevent any infringements of its own intellectual property rights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Product Responsibility *(continued)*

The Group strictly abides by the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and keeps the personal information of stakeholders collected confidential. The employee handbook stipulates our guidelines on confidentiality and that the employees are obliged to ensure the safekeeping of confidential, trade secrets and sensitive information.

The Group is committed to collecting and using the customer data in a responsible, fair and equal manner, and all customer data can only be used for the purposes set out in the client contract. During the reporting period, the Group was not aware of non-compliance with laws and regulations relating to the infringement of personal privacy.

Anti-corruption

The Group's principle is to conduct our operations in a lawful, ethical and professional manner and we are firmly committed to the prevention of corruption and bribery across all areas of our operations. The Group does not tolerate bribery and malpractice of any form including extortion, fraud and money laundering. All directors and staff are prohibited from soliciting, accepting or offering any bribe and are required to comply with the Prevention of Bribery Ordinance of Hong Kong. Our employees also receive regular anti-corruption and internal control training to reinforce their awareness.

The Group has implemented a whistle-blowing policy and the Audit Committee has the authority to conduct independent investigations into any complaints. The whistle-blowing policy provides a way for employees to report malpractices in the workplace to the appropriate person, and for the necessary follow up action to be taken on such a report. The supervision of the whistle-blowing policy is carried out by the Audit Committee.

During the reporting period, there were no legal cases regarding corrupt practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Community Investment

During the reporting period, our Golik Volunteer team demonstrated unwavering commitment to serving the Hong Kong community. We actively participated in a range of initiatives spearheaded by the Construction Industry Council (CIC), focusing on disseminating positive energy and contributing to the community with a proactive and optimistic mindset.

The majority of events we undertook were successfully executed, reflecting our team's dedication and efficiency. Notably, our volunteer base has expanded, and we continue to explore additional meaningful activities to engage in. This growth underscores our commitment to fostering stronger bonds with local communities and providing support to those in need.

Our efforts align with broader community service initiatives in Hong Kong, such as the Hong Kong Volunteer Award, which recognizes and promotes volunteerism across the region. By engaging in these activities, we aim to not only contribute to the well-being of our community but also inspire others to join us in making a positive impact.

As we move forward, our Golik Volunteer team remains steadfast in its mission to enhance community connections and support those who require assistance. We are committed to maintaining our momentum and exploring new opportunities for collaboration and service, ensuring that our contributions continue to resonate positively throughout Hong Kong.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Community Investment *(continued)*

Our company has been steadfast in its commitment to enhancing the education and well-being of underprivileged secondary school students in Tianjin, Mainland China, through donations over the past five years. We are pleased to announce the signing of an agreement extending this dedication for another five years. This ongoing support underscores our profound commitment to empowering these young individuals by providing them with essential resources to flourish. By continuing this partnership, we aim to make a lasting impact on their educational journey and contribute to a brighter future for generations to come.

We reaffirm our commitment to supporting these students at every stage. As we extend our donation program, we ensure that these young individuals continue to receive the resources and opportunities necessary to excel academically and personally. This support not only enriches their current educational experience but also opens doors to future opportunities, including securing places at top universities. By empowering them with access to superior educational institutions, we aim to unlock their full potential, helping them achieve their dreams and make a meaningful impact in their communities. This aligns with the broader impact of corporate social responsibility in education, which can shape educational policies and promote sustainable practices, ultimately benefiting both students and our society.

As we continue to grow and operate in both Hong Kong and Mainland China, we remain committed to identifying new areas of support in both regions. Our presence in these markets allows us to explore diverse opportunities for social impact, ensuring that our corporate social responsibility initiatives contribute positively to the communities where we operate. We look forward to expanding our efforts in education and beyond, fostering a more sustainable and equitable future for all.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Company Performance and Data Table

Item	HKEx Indicator	Year 2024	Year 2023
Emissions data			
Nitrogen oxides (NOx) emission (tonnes)	A1.1	6.33	6.46
Sulfur oxides (SOx) emission (kgs)	A1.1	6.90	7.01
Particulate matter (PM) emission (kgs)	A1.1	457.50	464.40
Carbon emissions			
Total direct and indirect carbon emissions (tonnes of CO ₂ e)	A1.2	1,748	1,856
Total direct and indirect carbon emissions (Scope 1 & 2) per production volume (tonnes of CO ₂ e)	A1.2	0.0041	0.0043
Hazardous waste			
Chemical waste produced (tonnes)	A1.3	0.80	0.80
Total hazardous waste produced per production volume (tonnes)	A1.3	0.0019	0.0019
Non-hazardous waste			
Solid waste produced (tonnes)	A1.4	11,915	11,811
Total non-hazardous waste produced per production volume (tonnes)	A1.4	0.0280	0.0280
Resources consumption			
Electricity consumption (kWh)	A2.1	1,254,073	1,311,929
Electricity consumption per production volume (kWh)	A2.1	3.14	3.07
Water Consumption (m ³)	A2.2	89,263	92,764
Water Consumption per production volume (m ³)	A2.2	0.21	0.22

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content Index of Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or References
A. ENVIRONMENTAL		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Air and Greenhouse Emissions (page 25)
KPI A1.1	The types of emissions and respective emissions data.	Air and Greenhouse Emissions (page 25) Company Performance and Data Table (page 36)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). [Repealed 1st January, 2025]	Air and Greenhouse Emissions (page 25) Company Performance and Data Table (page 36)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste (page 26) Company Performance and Data Table (page 36)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste (page 26) Company Performance and Data Table (page 36)
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Air and Greenhouse Emissions (page 25)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous and Non-hazardous Waste (page 26)
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Performance (page 25) Use of Resources (page 26)
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources (page 26) Company Performance and Data Table (page 36)
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources (page 26) Company Performance and Data Table (page 36)
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources (page 26)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content Index of Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or References
A. ENVIRONMENTAL <i>(continued)</i>		
Aspect A2: Use of Resources <i>(continued)</i>		
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources (page 26)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources (page 26)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources (page 27)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources (page 27)
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. [Repealed 1st January, 2025]	Climate Change (page 27)
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. [Repealed 1st January, 2025]	Climate Change (page 27)
B. SOCIAL		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices (page 27)
KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Employment and Labour Practices (page 27) Human Capital Profile (page 28)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices (page 27) Employment Turnover Rate (page 28)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content Index of Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or References
B. SOCIAL <i>(continued)</i>		
Employment and Labour Practices <i>(continued)</i>		
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety (page 29)
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety (page 29)
KPI B2.2	Lost days due to work injury.	Health and Safety (page 29) Lost Days due to Work Injury (page 29)
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety (page 29)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training (page 29)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training (page 29 and 30)
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training (page 29 and 30) Average Training Hours Completed (page 29 and 30)
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards (page 31)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards (page 31)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards (page 31)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content Index of Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or References
B. SOCIAL <i>(continued)</i>		
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management (page 31)
KPI B5.1	Number of suppliers by geographical region.	Suppliers by Geographical Region (page 32)
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management (page 31)
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management (page 31)
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management (page 31)
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility (page 32 and 33)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility (page 32 and 33)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility (page 32 and 33)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility (page 32 and 33)
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility (page 32 and 33)
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility (page 32 and 33)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content Index of Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or References
B. SOCIAL <i>(continued)</i>		
Operating Practices <i>(continued)</i>		
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption (page 33)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption (page 33)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption (page 33)
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption (page 33)
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment (page 34 and 35)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment (page 34 and 35)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment (page 34 and 35)

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries, a joint venture and an associate are set out in notes 40, 18 and 19 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

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 52.

An interim dividend of HK2.5 cents per share, amounting to approximately HK\$14,360,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK4.0 cents per share to the shareholders whose names appear on the register of members of the Company on 25th June, 2025, total amounting to approximately HK\$22,975,000, subject to the approval of the shareholders at the forthcoming annual general meeting.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$126,149,000. In addition, property, plant and equipment with carrying values of approximately HK\$9,351,000 were disposed and written-off of during the year. Details of movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

As at 31st December, 2024, capital commitments contracted in respect of acquisition for property, plant and equipment for the Group amounted to approximately HK\$2,263,000 (31st December, 2023: approximately HK\$86,074,000), funding for the capital commitments will be generated mainly from internal resources. Detail of the capital commitments is set out in note 33 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share option scheme of the Company are set out in notes 30 and 31 respectively to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2024 were as follows:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Contributed surplus	65,891	65,891
Retained profits	379,669	314,195
	445,560	380,086

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY *(continued)*

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

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

Executive Directors

Mr. Pang Tak Chung ^{MH} (*Chairman*)
Mr. Ho Wai Yu, Sammy (*Vice Chairman*)
Ms. Pang Wan Ping (*Chief Executive Officer*)
Mr. Pang Chi To

Independent Non-executive Directors

Mr. Hai Tuen Tai, Freddie
Mr. Luk Kam Fan, Jimmy
Mr. Linn Hon Chung, Ambrose

In accordance with Bye-laws 87(1) and (2) of the Company's Bye-laws, Messrs. Ho Wai Yu, Sammy, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

For the year ended 31st December, 2024, the Company's non-executive directors were appointed for a specific term. All directors (including independent non-executive directors) are also subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

As at 31st December, 2024, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(1) Long position

Shares of the Company

Name of directors	Number of ordinary shares			Percentage of issued shares
	Personal interest (held as beneficial owner)	Corporate interests (held by controlled corporation)	Total	
Mr. Pang Tak Chung MH ^(Note)	163,928,082	201,666,392	365,594,474	63.65%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%

Note: The 201,666,392 shares are held by Golik Investments Ltd. which is wholly owned by Mr. Pang Tak Chung MH.

Share options

No share option was outstanding as at 1st January, 2024 and 31st December, 2024. As at the date of this annual report, the total number of share options available for issue under the share option scheme was 57,437,812, representing 10% of the issued share capital of the Company. Particulars of the share option scheme of the Company are set out in note 31 to the consolidated financial statements.

(2) Shares in subsidiaries

As at 31st December, 2024, Mr. Pang Tak Chung MH had 5,850 non-voting deferred shares in Golik Metal Industrial Company Limited.

Save as disclosed above, as at 31st December, 2024, none of the directors and chief executive of the Company or their respective associates had or was deemed to have any interests or short positions in any securities of the Company or any of its associated corporations and at no time during the year, had any interest in, or had been granted, or exercised, any right to subscribe for shares (or warrants or debentures, if applicable) of the Company or any of its associated corporations.

DIRECTORS' REPORT



ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests in Securities" above, 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 COMPETING BUSINESS

None of the Company's directors and their respective associates has any competing interests which require to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year.

SUBSTANTIAL SHAREHOLDER

As at 31st December, 2024, so far as known to any directors of the Company, the following person (other than a director or chief executive of the Company), was recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, as being, directly or indirectly, interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Long position in shares of the Company

Name	Number of ordinary shares held	Percentage of issued shares
Golik Investments Ltd.	201,666,392	35.11%

Save as disclosed above, the directors are not aware of any other person (other than a director or chief executive of the Company) who, as at 31st December, 2024, had any interests or short positions in the shares or underlying shares of the Company of 5% or more which would fall to be disclosed pursuant to Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No 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.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers accounted for less than 25% of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 58% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 32% of the Group's 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 issued share capital) have any interest in any of the Group's five largest customers or suppliers.

DIRECTORS' REPORT

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emolument policy of the directors of the Company is decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Board confirms that the Company has maintained during the year a sufficient public float as required under the Listing Rules.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK\$227,000.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Details of Environmental, Social and Governance Report of the Group are set out on pages 22 to 41 of this annual report.

CONNECTED TRANSACTIONS

Transactions with an associate are disclosed as related party transactions in note 35 to the consolidated financial statements of the annual report, which do not fall under the definition of connected transaction, or were fully exempt under Chapter 14A of the Listing Rules and thus are not disclosed here.

AUDITOR

The consolidated financial statements of the Company have been audited by Deloitte Touche Tohmatsu ("Deloitte"). A resolution will be proposed to the forthcoming annual general meeting to re-appoint Deloitte as auditor of the Company.

On behalf of the Board

Pang Tak Chung MH
Chairman

Hong Kong, 26th March, 2025

INDEPENDENT AUDITOR'S REPORT



德勤

Deloitte.

TO THE MEMBERS OF GOLIK HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Golik Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 132, 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 HKFRS Accounting Standards 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 MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

Write-down of inventories of a subsidiary of the Company

We identified the write-down of inventories of steel products of a subsidiary of the Company, Golik Steel (HK) Limited ("GSHK"), as a key audit matter due to the significance of inventory balance to the consolidated financial statements as a whole as at 31st December, 2024.

As at 31st December, 2024, the carrying amount of inventories of GSHK was HK\$420,941,000 (net of write-down of inventories of HK\$9,596,000). The net realisable values are subject to fluctuation of market prices of steel products. When there is a fluctuation of market prices in the market, the selling price of the steel products of GSHK may change which imposes pressures to the net realisable values of steel products.

How our audit addressed the key audit matter

Our procedures in relation to the write-down of inventories of GSHK included:

- Understanding how the management of the Group estimates the net realisable values of the inventories of steel products;
- Evaluating the reasonableness of the future selling prices, on a sample basis, by comparing them with the contracted selling prices or the actual selling prices achieved subsequent to year end; and
- Challenging the appropriateness of the estimated cost necessary to make the sale by evaluating the historical accuracy of these estimates, on a sample basis, and discussing any significant variances with the management as well as considering the impact of these variances on the current year's estimates.

INDEPENDENT AUDITOR'S REPORT



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 HKFRS Accounting Standards 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.

INDEPENDENT AUDITOR'S REPORT

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 HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgement 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 units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT



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

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.

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 Cheung Chung Yin Lawrence.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26th 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	4	3,445,784	4,145,653
Cost of sales		(2,796,715)	(3,520,415)
Gross profit		649,069	625,238
Other income	6	23,401	32,395
Selling and distribution costs		(168,168)	(171,954)
Administrative expenses		(202,782)	(184,967)
Impairment losses under expected credit losses ("ECL") model, net of reversal	7	(702)	(14,715)
Other losses	8	(9,862)	(8,892)
Other expenses		(50,167)	(46,448)
Finance costs		(34,254)	(52,880)
– Interest on bank borrowings		(25,382)	(42,674)
– Interest on lease liabilities		(8,872)	(10,206)
Share of result of a joint venture		–	(114)
Share of result of an associate		1,727	1,093
Profit before tax		208,262	178,756
Income tax expense	9	(27,829)	(17,864)
Profit for the year	10	180,433	160,892
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		(13,429)	(8,481)
Item that will not be reclassified to profit or loss:			
– Fair value gain (loss) on an investment in equity instrument at fair value through other comprehensive income ("FVTOCI")		48	(1,993)
Other comprehensive expense for the year		(13,381)	(10,474)
Total comprehensive income for the year		167,052	150,418
Profit for the year attributable to:			
Shareholders of the Company		158,098	138,921
Non-controlling interests		22,335	21,971
		180,433	160,892
Total comprehensive income for the year attributable to:			
Shareholders of the Company		148,105	130,385
Non-controlling interests		18,947	20,033
		167,052	150,418
		HK cents	HK cents
Basic earnings per share	14	27.53	24.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2024

	NOTES	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Non-current Assets			
Property, plant and equipment	16	524,348	465,032
Right-of-use assets	17	160,047	161,238
Interest in a joint venture	18	–	–
Interest in an associate	19	–	–
Amount due from an associate	19	4,198	2,477
Equity instrument at FVTOCI	20	61	13
Insurance policy assets	21	7,409	7,226
Rental and other deposits	23	4,413	5,646
Deposits paid for acquisition of property, plant and equipment		1,168	8,226
Loan receivables	23	2,660	1,405
		704,304	651,263
Current Assets			
Inventories	22	605,812	590,542
Trade, bills, loan and other receivables	23	801,455	1,025,045
Income tax recoverable		842	347
Cash and cash equivalents	24	599,490	652,131
		2,007,599	2,268,065
Current Liabilities			
Trade, bills and other payables	25	431,138	402,135
Contract liabilities	26	21,408	21,101
Lease liabilities	27	23,146	19,875
Amounts due to non-controlling shareholders	28	3,200	3,200
Income tax payable		7,879	5,318
Bank borrowings	29	498,724	906,133
		985,495	1,357,762
Net Current Assets		1,022,104	910,303
		1,726,408	1,561,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2024

	NOTES	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Capital and Reserves			
Share capital	30	57,438	57,438
Share premium and reserves		1,324,759	1,211,092
Equity attributable to shareholders of the Company		1,382,197	1,268,530
Non-controlling interests	40	130,859	118,597
Total Equity		1,513,056	1,387,127
Non-current Liabilities			
Deferred tax liabilities	32	28,973	27,192
Lease liabilities	27	146,370	147,247
Bank borrowings	29	38,009	–
		213,352	174,439
		1,726,408	1,561,566

The consolidated financial statements on pages 52 to 132 were approved and authorised for issue by the Board of Directors on 26th March, 2025 and are signed on its behalf by:

PANG TAK CHUNG MH
CHAIRMAN

HO WAI YU, SAMMY
VICE CHAIRMAN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2024

	Attributable to shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Mainland China statutory reserve HK\$'000 (Note a)	FVTOCI reserve HK\$'000	Other reserve HK\$'000 (Note b)	Retained profits HK\$'000	Sub- total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1st January, 2023	57,438	323,195	1,484	44,880	2,006	(21,186)	761,919	1,169,736	108,400	1,278,136
Profit for the year	-	-	-	-	-	-	138,921	138,921	21,971	160,892
Other comprehensive expense for the year										
Exchange difference arising on translation of foreign operations	-	-	(6,543)	-	-	-	-	(6,543)	(1,938)	(8,481)
Fair value loss on an equity instrument at FVTOCI	-	-	-	-	(1,993)	-	-	(1,993)	-	(1,993)
Total comprehensive (expense) income for the year	-	-	(6,543)	-	(1,993)	-	138,921	130,385	20,033	150,418
Dividends paid to the shareholders of the Company (note 13)	-	-	-	-	-	-	(31,591)	(31,591)	-	(31,591)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(9,836)	(9,836)
Transfer between reserves	-	-	-	1,665	-	-	(1,665)	-	-	-
At 31st December, 2023	57,438	323,195	(5,059)	46,545	13	(21,186)	867,584	1,268,530	118,597	1,387,127
Profit for the year	-	-	-	-	-	-	158,098	158,098	22,335	180,433
Other comprehensive (expense) income for the year										
Exchange difference arising on translation of foreign operations	-	-	(10,041)	-	-	-	-	(10,041)	(3,388)	(13,429)
Fair value gain on an equity instrument at FVTOCI	-	-	-	-	48	-	-	48	-	48
Total comprehensive (expense) income for the year	-	-	(10,041)	-	48	-	158,098	148,105	18,947	167,052
Dividends paid to the shareholders of the Company (note 13)	-	-	-	-	-	-	(34,463)	(34,463)	-	(34,463)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(9,661)	(9,661)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	2,976	2,976
Deemed disposal of part of its interest in a subsidiary	-	-	-	-	-	25	-	25	-	25
Transfer between reserves	-	-	-	154	-	-	(154)	-	-	-
At 31st December, 2024	57,438	323,195	(15,100)	46,699	61	(21,161)	991,065	1,382,197	130,859	1,513,056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2024

Notes:

- (a) Mainland China statutory reserve is a reserve required by the relevant laws in Mainland China applicable to subsidiaries in Mainland China for enterprise development purposes.
- (b) Other reserve represented:
 - (i) adjustments arising from acquisition of additional interest in subsidiaries of HK\$21,208,000 and deemed disposal of part of its interest in a subsidiary of HK\$599,000.
 - (ii) deemed contribution arising from waiver of amount due to a former non-controlling shareholder of HK\$621,000 incidental to acquisition of additional interest in a subsidiary.
 - (iii) adjustment arising from deemed disposal of part of its interest in a subsidiary of HK\$25,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	208,262	178,756
Adjustments for:		
Loss on disposal of property, plant and equipment	9,107	1,767
Gain on lease modification	(240)	(4,043)
Write-down (reversal of write-down) of inventories	5,413	(8,719)
Depreciation of property, plant and equipment	53,400	42,064
Depreciation of right-of-use assets	29,383	32,962
Interest income	(5,943)	(5,112)
Finance costs	34,254	52,880
Share of result of a joint venture	–	114
Share of result of an associate	(1,727)	(1,093)
Impairment losses under ECL model, net	702	14,715
Impairment loss on interest in a joint venture	–	4,931
Operating cash flows before movements in working capital	332,611	309,222
(Increase) decrease in inventories	(24,183)	200,672
Decrease (increase) in rental and other deposits, and trade, bills and other receivables	215,740	(92,030)
Increase in trade, bills and other payables	1,264,324	1,832,779
Increase in contract liabilities	724	11,677
Cash generated from operations	1,789,216	2,262,320
Hong Kong Profits Tax paid	(8,538)	(8,233)
Taxation outside Hong Kong paid	(18,266)	(17,113)
Taxation outside Hong Kong refunded	2,925	5,369
NET CASH FROM OPERATING ACTIVITIES	1,765,337	2,242,343

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2024

	2024 HK\$'000	2023 HK\$'000
INVESTING ACTIVITIES		
Interest received	6,075	3,678
Proceeds on disposal of property, plant and equipment	244	387
Repayment from an associate	2,256	2,250
Repayment of loan receivables	1,241	1,078
Advance of loan receivables	(2,314)	–
Purchase of property, plant and equipment	(117,247)	(16,939)
Deposits paid for acquisition of property, plant and equipment	(1,168)	(8,226)
Payments for rental deposits	(3,063)	(186)
(Payments for) receipt from insurance policy assets	(183)	6,846
NET CASH USED IN INVESTING ACTIVITIES	(114,159)	(11,112)
FINANCING ACTIVITIES		
Repayments of trust receipt loans	(1,593,278)	(1,980,831)
Repayments of bank loans	(88,786)	(151,768)
Repayments of lease liabilities	(24,618)	(29,792)
Interest paid	(35,394)	(51,473)
Dividend paid	(34,463)	(31,591)
Dividend paid to non-controlling interests	(9,661)	(9,836)
New bank loans raised	82,397	135,620
Capital contribution from non-controlling interests	2,976	–
NET CASH USED IN FINANCING ACTIVITIES	(1,700,827)	(2,119,671)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(49,649)	111,560
CASH AND CASH EQUIVALENTS AT 1 JANUARY	652,131	541,569
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(2,992)	(998)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	599,490	652,131
Represented by:		
Cash and cash equivalents	599,490	652,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

1. GENERAL INFORMATION

Golik 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 (the “Stock Exchange”). Its ultimate controlling party is Mr. Pang Tak Chung MH (“Mr. Pang”), who is also the Chairman of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are manufacturing and sales of metal products and building construction materials. Hereinafter, the Company and its subsidiaries are collectively referred to as the “Group”.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards 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.

Impacts on application of Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

Impacts on application of Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements* *(continued)*

The Group has provided additional disclosures related to the amendments in notes 29, 37b and 42.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards 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 HKFRSs	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 and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments *(continued)*

The amendments are effective for annual reporting periods beginning on or after 1st January, 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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. 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 HKFRS Accounting Standards 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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

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 Group. 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.

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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

3.2 Material accounting policy information *(continued)*

Investments in an associate and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* ("HKAS 36") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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

3.2 Material accounting policy information *(continued)*

Investments in an associate and a joint venture *(continued)*

The Group applies HKFRS 9 *Financial Instruments* ("HKFRS 9"), including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 4 and 26.

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 assets under installation and construction in progress, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets under installation and construction in progress for production, supply and administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Assets under installation and construction in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land 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 land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets, other than assets under installation and construction in progress, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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

3.2 Material accounting policy information *(continued)*

Property, plant and equipment *(continued)*

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.

Cash and cash equivalents

Cash and cash equivalents 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 (generally with original maturity of three months or less) investment that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. 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 cash and cash equivalents as defined above.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred, mainly including expenses for study and research on market trend, quality assurance for product and project, and staff technicality training.

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.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components (i.e. building management fee) from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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 (continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of land and buildings that 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

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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 (continued)

Lease liabilities (continued)

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”) for staffs in Hong Kong and retirement pension schemes for staffs in the People’s Republic of China (“PRC”) are recognised as an expense when employees have rendered service entitling them to the contributions.

For the Long Service Payment (“LSP”) under the Hong Kong Employment Ordinance, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of paragraph 93(a) of HKAS 19 *Employee benefits* and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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

3.2 Material accounting policy information *(continued)*

Employee benefits *(continued)*

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-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 Accounting Standards require or permit 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, and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because 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.

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 differences 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 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 equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, and interest in a joint venture, 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 and interests 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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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

3.2 Material accounting policy information *(continued)*

Taxation *(continued)*

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.

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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Other than the cost of inventories of concrete products which are determined using the weighted average cost method, the cost of all other products of the Group is determined using the first-in first-out 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.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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 FVTPL, except that at initial application of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* ("HKFRS 3") applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments 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.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investment, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends, if any, are included in the "other income" line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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)

Classification and subsequent measurement of financial assets *(continued)*

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including rental deposits, trade, bills, loan and other receivables, amount due from an associate 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, adjusted for 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 and bills receivables.

For all other instruments, the Group measures the impairment losses equal to 12m ECL, unless when 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.

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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 *(continued)*

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument 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 debt instrument 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.

(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.

(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 counterparty 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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 *(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 adjusted by 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.

Except for debtors with balances that are credit-impaired which are assessed individually, lifetime ECL for remaining debtors are considered on a collective basis taking into consideration of 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 the 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 amount due from an associate, trade and bills receivables, loan receivables and other receivables, where the corresponding adjustment is recognised through an impairment loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

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 bank borrowings, trade, bills and other payables and amounts due to non-controlling shareholders are subsequently measured at amortised cost using the effective interest method.

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.

4. REVENUE

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers	3,445,553	4,145,469
Interest income on money lending	231	184
Total	3,445,784	4,145,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

4. REVENUE *(continued)*

(i) Disaggregation of revenue from contracts with customers

For the year ended 31st December, 2024

Types of goods or service	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000
Sales of goods				
Steel coil processing, steel wires and wire rope products	1,087,072	–	–	1,087,072
Concrete products	–	718,276	–	718,276
Construction steel products and processing, and other construction products	–	1,485,322	–	1,485,322
Service income				
Processing income	–	83,929	–	83,929
Transportation income	–	66,737	–	66,737
Provision of medical service	–	–	4,217	4,217
Total	1,087,072	2,354,264	4,217	3,445,553
Geographical markets				
Hong Kong	11,857	2,334,515	4,217	2,350,589
Mainland China	899,042	12,392	–	911,434
Macau	–	7,321	–	7,321
Others	176,173	36	–	176,209
Total	1,087,072	2,354,264	4,217	3,445,553
Timing of revenue recognition				
A point in time	1,087,072	2,354,264	–	3,441,336
Over time	–	–	4,217	4,217
Total	1,087,072	2,354,264	4,217	3,445,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

4. REVENUE *(continued)*

(i) Disaggregation of revenue from contracts with customers *(continued)*

For the year ended 31st December, 2023

Types of goods or service	Metal products HK\$'000	Building construction materials HK\$'000	Total HK\$'000
Sales of goods			
Steel coil processing, steel wires and wire rope products	1,168,812	–	1,168,812
Concrete products	–	671,754	671,754
Construction steel products and processing, and other construction products	–	2,142,660	2,142,660
Service income			
Processing income	–	82,162	82,162
Transportation income	–	80,081	80,081
Total	1,168,812	2,976,657	4,145,469
Geographical markets			
Hong Kong	9,469	2,884,138	2,893,607
Mainland China	1,028,545	25,731	1,054,276
Macau	31	66,788	66,819
Others	130,767	–	130,767
Total	1,168,812	2,976,657	4,145,469
Timing of revenue recognition			
A point in time	1,168,812	2,976,657	4,145,469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

4. REVENUE *(continued)*

(ii) Performance obligations for contracts with customers and revenue recognition policies

The Group sells metal products and building construction materials directly to corporate customers. Revenue is recognised when control of the goods has been transferred, being at the point in time when the goods are delivered to the customer's specific location.

The Group also provides processing services to the customers. Income is recognised at the point in time when the services are rendered and the relevant goods are delivered to the customer's specific location. The Group also provides transportation services to the customers. Income is recognised at the point in time when the services are rendered and the relevant goods are delivered to the customer's specific location.

The Group also provides medical services to the customers. Income is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance.

Other than the cash sales, the Group allows credit periods ranging from 30 to 180 days (2023: 30 to 180 days) to its customers.

Under the Group's standard contract terms, customers have a right to exchange for products. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligation of sales of building construction materials (unsatisfied or partially unsatisfied) as at 31st December, 2024 and 2023 and the expected timing of recognising revenue are as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	471,120	997,035
More than one year but within two years	838,037	306,413
Total	1,309,157	1,303,448

The timing of delivery may be varied within the contracted period and the amount disclosed represent the Group's expectation on the timing of delivery requested by customers.

Other than sales of building construction materials, the Group applied the practical expedient for contracts with original expected duration less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

5. OPERATING SEGMENTS

Information reported to the Chairman and Vice Chairman of the Group, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on revenue analysis by types of goods or service.

Specifically, the Group’s reportable segments under HKFRS 8 *Operating Segments* are as follows:

1. Metal products
2. Building construction materials

In addition to the above reportable segments, other operating segments include provision of medical service and money lending.

Segment revenues and results

The following is an analysis of the Group’s revenue and results by operating and reportable segment:

2024

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,087,072	2,354,264	3,441,336	4,448	-	3,445,784
Inter-segment sales	3,289	164	3,453	-	(3,453)	-
Total	1,090,361	2,354,428	3,444,789	4,448	(3,453)	3,445,784
SEGMENT RESULT	121,055	151,721	272,776	(15,657)	-	257,119
Unallocated other income						5,102
Unallocated corporate expenses						(21,432)
Finance costs						(34,254)
– Interest on bank borrowings						(25,382)
– Interest on lease liabilities						(8,872)
Share of result of an associate						1,727
Profit before tax						208,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

5. OPERATING SEGMENTS *(continued)*

Segment revenues and results *(continued)*

2023

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,168,812	2,976,657	4,145,469	184	–	4,145,653
Inter-segment sales	3,527	78	3,605	–	(3,605)	–
Total	1,172,339	2,976,735	4,149,074	184	(3,605)	4,145,653
SEGMENT RESULT						
	83,666	165,403	249,069	58	–	249,127
Unallocated other income						4,297
Unallocated corporate expenses						(17,836)
Finance costs						(52,880)
– Interest on bank borrowings						(42,674)
– Interest on lease liabilities						(10,206)
Impairment loss on interest in a joint venture						(4,931)
Share of result of a joint venture						(114)
Share of result of an associate						1,093
Profit before tax						178,756

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the gross profit generated from each segment, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of certain other income, corporate expenses, certain impairment losses under ECL model, net, finance costs and share of results of a joint venture and an associate, and impairment loss on interest in a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost or cost plus a percentage of mark-up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

5. OPERATING SEGMENTS *(continued)*

Other segment information

The following other segment information is included in the measure of segment result:

2024

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	28,900	20,394	49,294	3,910	196	53,400
Depreciation of right-of-use assets	14,045	2,706	16,751	5,930	6,702	29,383
Impairment losses (reversal of impairment losses) under ECL model, net	(705)	1,656	951	15	(264)	702
Net write-down (reversal of write-down) of inventories	(334)	5,747	5,413	–	–	5,413
Loss on disposal of property, plant and equipment	717	8,390	9,107	–	–	9,107

2023

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	22,734	19,138	41,872	1	191	42,064
Depreciation of right-of-use assets	16,107	10,277	26,384	–	6,578	32,962
Impairment losses under ECL model, net	878	13,073	13,951	–	764	14,715
Net write-down (reversal of write-down) of inventories	3,244	(11,963)	(8,719)	–	–	(8,719)
Loss on disposal of property, plant and equipment	183	1,584	1,767	–	–	1,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

5. OPERATING SEGMENTS *(continued)*

Geographical information

The Group operates in two principal geographical areas, namely Hong Kong and Mainland China.

The Group's revenue from external customers is presented based on the geographical location of the customers and information about its non-current assets other than financial instruments is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	2,350,820	2,893,791	340,477	274,944
Mainland China	911,434	1,054,276	345,199	360,897
Macau	7,321	66,819	–	–
Others	176,209	130,767	–	–
	3,445,784	4,145,653	685,676	635,841

Note: Non-current assets excluded amount due from an associate, equity instrument at FVTOCI, insurance policy assets, rental deposits and loan receivables.

No customer has contributed over 10% of the total revenue of the Group for both years.

6. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Rental income from property, plant and equipment (Note a)	500	139
Sales of scraps and samples	5,847	10,530
Claims and compensation received	3,521	2,185
Crane, weighbridge and other handling income	2,641	3,975
Processing income	5	389
Government grants (Note b)	3,026	1,079
Interest income	5,943	5,112
Gain on lease modification	240	4,043
Storage income	490	3,923
Sundry income	1,188	1,020
	23,401	32,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

6. OTHER INCOME *(continued)*

Notes:

- (a) During the year ended 31st December, 2024, the Group recognised lease income of HK\$500,000 (2023: HK\$139,000) for operating leases as a lessor with fixed lease payments.
- (b) During the year ended 31st December, 2024, the government grants mainly comprise an encouragement for operating in an economic development zone in Tianjin of HK\$2,183,000 (2023: HK\$Nil), and funds for "Employment Stabilizing Subsidy" in Guangdong provinces of HK\$21,000 (2023: HK\$Nil), which are unconditional and recognised in other income.

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2024 HK\$'000	2023 HK\$'000
Net impairment losses (reversal of impairment losses) on:		
– Amount due from an associate	(2,250)	(2,250)
– Trade receivables	7,749	16,965
– Other receivables	(4,797)	–
	702	14,715

Details of impairment assessment are set out in note 37.

8. OTHER LOSSES

	2024 HK\$'000	2023 HK\$'000
Loss on disposal of property, plant and equipment	9,107	1,767
Impairment loss on interest in a joint venture	–	4,931
Net exchange loss	755	2,194
	9,862	8,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

9. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong	7,190	5,111
Mainland China Enterprise Income Tax	16,886	14,000
Withholding tax paid for distributed profits in Mainland China	1,319	1,902
	25,395	21,013
Under/(over)provision in prior years		
Hong Kong	484	(1,424)
Mainland China Enterprise Income Tax	169	(4,785)
	653	(6,209)
Deferred tax (note 32)	1,781	3,060
	27,829	17,864

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of taxable profits of qualifying group entity will be taxed at 8.25%, and taxable 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 Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both years. In addition, one Mainland China subsidiary of the Company in Tianjin was qualified as "High-tech Enterprises" and subject to an Enterprise Income Tax Rate of 15%, which was granted for three years starting from 2022. Another three Mainland China subsidiaries were qualified as "Small Low-profit Enterprise" in Guangdong and subject to an Enterprise Income Tax Rate of 5% for the first Renminbi ("RMB") 1 million of taxable profits and 10% for the taxable profits above RMB1 million but not exceeding RMB3 million. Further, withholding income tax of 10% is generally imposed on dividends relating to any profits earned commencing from 2008 to foreign investors, while for some Mainland China entities held by companies incorporated in certain places, including Hong Kong, preferential tax rate of 5% will be applied according to EIT Law if such companies are the beneficial owner of over 25% of these Mainland China entities.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a Mainland China entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1st January, 2008 at the rate of 5%. As at 31st December, 2024 and 2023, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

9. INCOME TAX EXPENSE (continued)

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

	Hong Kong		Mainland China		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Profit before taxation	103,664	117,935	104,598	60,821	208,262	178,756
Domestic income tax rate	16.50%	16.50%	25.00%	25.00%		
Tax at the domestic income tax rate	17,105	19,459	26,150	15,205	43,255	34,664
Tax effect of share of result of a joint venture	-	-	-	28	-	28
Tax effect of share of result of an associate	(285)	(180)	-	-	(285)	(180)
Tax effect of expenses not deductible for tax purpose	2,376	2,357	7,302	9,582	9,678	11,939
Tax effect of income not taxable for tax purpose	(1,564)	(1,730)	(945)	(1,949)	(2,509)	(3,679)
Tax effect of tax losses not recognised	9,406	1,072	-	-	9,406	1,072
Tax effect of utilisation of tax losses previously not recognised	(14,170)	(13,082)	-	-	(14,170)	(13,082)
Tax effect of other deductible temporary differences not recognised	2,070	2,571	4,128	7,021	6,198	9,592
Tax effect of super deduction on research and development expenditures	-	-	(9,565)	(7,195)	(9,565)	(7,195)
Tax effect of utilisation of other temporary differences not recognised	(7,472)	(3,868)	(76)	(274)	(7,548)	(4,142)
Effect of tax concession granted to Mainland China subsidiaries	-	-	(10,077)	(8,360)	(10,077)	(8,360)
Withholding tax paid	1,319	1,902	-	-	1,319	1,902
Withholding tax on retained profits to be distributed	1,400	820	-	-	1,400	820
Under/(over) provision in prior years	484	(1,424)	169	(4,785)	653	(6,209)
Income tax at concessionary rate	(165)	(165)	-	-	(165)	(165)
Others	270	917	(31)	(58)	239	859
Income taxes for the year	10,774	8,649	17,055	9,215	27,829	17,864

Details of deferred taxation are set out in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

10. PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	2,965	3,115
Cost of inventories recognised as expense including net write-down of inventories of HK\$5,413,000 (2023: reversal of write-down of inventories of HK\$8,719,000)	2,796,715	3,520,415
Depreciation of property, plant and equipment	53,400	42,064
Depreciation of right-of use assets	29,383	32,962
Interest income on rental deposits	(224)	(119)
Interest income from an associate	(449)	(544)
Interest income on bank deposits	(5,069)	(3,795)
Other interest income	(201)	(654)
Research expenditure included in other expenses (including worker and staff costs of HK\$20,043,000 (2023: HK\$20,407,000) and depreciation of right-of-use assets of HK\$1,274,000 (2023: HK\$1,140,000))	50,167	46,448
Worker and staff costs including directors' emoluments and contributions to retirement benefits scheme	333,290	323,396

During the year ended 31st December, 2024, depreciation of right-of-use assets in relation to director's accommodation amounting to HK\$2,016,000 (2023: HK\$1,904,000) is included in directors' emoluments under worker and staff costs.

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Mr. Pang HK\$'000 (Note a)	Ho Wai Yu, Sammy HK\$'000 (Note a)	Pang Wan Ping HK\$'000 (Notes a & e)	Pang Chi To HK\$'000 (Note a)	Hai Tuen Tai, Freddie HK\$'000 (Note b)	Luk Kam Fan, Jimmy HK\$'000 (Note b)	Linn Hon Chung, Ambrose HK\$'000 (Notes b & d)	2024 Total HK\$'000
Fees	-	-	-	-	253	253	253	759
Other emoluments								
Salaries and other benefits	7,143	4,604	1,504	1,140	-	-	-	14,391
Bonus*	2,800	2,800	600	300	-	-	-	6,500
Contributions to retirement benefits scheme	-	-	121	91	-	-	-	212
	9,943	7,404	2,225	1,531	253	253	253	21,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS *(continued)*

	Mr. Pang HK\$'000 (Note a)	Ho Wai Yu, Sammy HK\$'000 (Note a)	Pang Wan Ping HK\$'000 (Notes a & e)	Pang Chi To HK\$'000 (Note a)	Hai Tuen Tai, Freddie HK\$'000 (Note b)	Luk Kam Fan, Jimmy HK\$'000 (Note b)	Linn Hon Chung, Ambrose HK\$'000 (Notes b & d)	Yu Kwok Kan, Stephen HK\$'000 (Note f)	Chan Yat Yan HK\$'000 (Note g)	2023 Total HK\$'000
Fees	-	-	-	-	242	242	223	-	-	707
Other emoluments										
Salaries and other benefits	6,762	4,364	1,384	1,060	-	-	-	-	-	13,570
Bonus*	2,500	2,500	500	250	-	-	-	-	-	5,750
Contributions to retirement benefits scheme	-	-	111	85	-	-	-	-	-	196
	9,262	6,864	1,995	1,395	242	242	223	-	-	20,223

* The executive directors of the Company are entitled to discretionary bonus payments which are determined based on the performance and effort of the individual executive directors and the performance of the Group.

Notes:

- The executive directors' emoluments shown above were for their services in connection with the management of the affairs and effects of the Company and the Group.
- The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- No director waived any emoluments for the two years ended 31st December, 2024 and 2023.
- Mr. Linn Hon Chung, Ambrose was appointed as an independent non-executive executive director with effect from 1st February, 2023.
- Ms. Pang Wan Ping is the CEO of the Group. Her emoluments disclosed above include those for service rendered by her as the CEO.
- Mr. Yu Kwok Kan, Stephen was retired as an independent non-executive director with effect from 9th June, 2023.
- Mr. Chan Yat Yan was retired as an independent non-executive director with effect from 9th June, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the years included three (2023: three) directors, details of whose emoluments are set out in note 11 above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	3,209	2,756
Bonus	4,873	1,320
Contributions to retirement benefits scheme	101	79
	8,183	4,155

The number of the highest paid employees who are not directors of the Company whose remuneration fell within the following bands is as follows:

	2024 Number of employees	2023 Number of employees
HK\$6,000,001 – HK\$6,500,000	1	–
HK\$2,000,001 – HK\$2,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	–	1
	2	2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

13. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Final – HK3.5 cents (2023: 2022 Final – HK3.0 cents) per ordinary share	20,103	17,231
2024 Interim – HK2.5 cents (2023: 2023 Interim – HK2.5 cents) per ordinary share	14,360	14,360
	34,463	31,591

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31st December, 2024 of HK4.0 cents (2023: final dividend in respect of the year ended 31st December, 2023 of HK3.5 cents) per ordinary share, in aggregate amount of HK\$22,975,000 (2023: HK\$20,103,000) has been proposed by the directors of the Company and is subject to the approval by the shareholders in the forthcoming general meeting.

14. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the shareholders of the Company for the year and 574,378,128 (2023: 574,378,128) ordinary shares in issue during the year.

No diluted earnings per share for the years ended 31st December, 2024 and 2023 was presented as there were no potential ordinary shares in issue during the year.

15. GOODWILL

	HK\$'000
COST	
At 1st January, 2023, 31st December, 2023 and 31st December, 2024	3,808
IMPAIRMENT	
At 1st January, 2023, 31st December, 2023 and 31st December, 2024	(3,808)
CARRYING AMOUNT	
At 31st December, 2023 and 31st December, 2024	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Plant and machinery and equipment HK\$'000	Assets under installation HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST								
As at 1st January, 2023	237,929	31,267	27,342	22,729	548,854	80,552	89,584	1,038,257
Exchange adjustments	(385)	(187)	(148)	(72)	(5,353)	(972)	-	(7,117)
Additions	1,455	330	925	777	10,782	7,326	-	21,595
Disposals	-	-	(319)	(1,310)	(9,405)	(1)	-	(11,035)
Reclassification	89,584	-	666	-	41,069	(41,735)	(89,584)	-
As at 31st December, 2023	328,583	31,410	28,466	22,124	585,947	45,170	-	1,041,700
Exchange adjustments	(572)	(282)	(242)	(104)	(8,529)	(928)	-	(10,657)
Additions	-	20,873	1,185	597	91,622	11,872	-	126,149
Disposals	(5,928)	(3,182)	(65)	(719)	(7,887)	-	-	(17,781)
Reclassification	-	-	4,583	-	43,782	(48,365)	-	-
As at 31st December, 2024	322,083	48,819	33,927	21,898	704,935	7,749	-	1,139,411
DEPRECIATION AND IMPAIRMENT								
As at 1st January, 2023	132,908	22,482	22,114	19,648	346,499	-	3,916	547,567
Exchange adjustments	(314)	(102)	(105)	(56)	(3,507)	-	-	(4,084)
Provided for the year	8,202	1,678	1,646	1,288	29,250	-	-	42,064
Eliminated on disposals	-	-	(310)	(1,291)	(7,278)	-	-	(8,879)
Reclassification	3,916	-	-	-	-	-	(3,916)	-
As at 31st December, 2023	144,712	24,058	23,345	19,589	364,964	-	-	576,668
Exchange adjustments	(474)	(168)	(179)	(90)	(5,664)	-	-	(6,575)
Provided for the year	8,223	4,142	2,226	908	37,901	-	-	53,400
Eliminated on disposals	(775)	(1,326)	(60)	(719)	(5,550)	-	-	(8,430)
As at 31st December, 2024	151,686	26,706	25,332	19,688	391,651	-	-	615,063
CARRYING VALUES								
As at 31st December, 2024	170,397	22,113	8,595	2,210	313,284	7,749	-	524,348
As at 31st December, 2023	183,871	7,352	5,121	2,535	220,983	45,170	-	465,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rate per annum:

Leasehold land and buildings	Over the shorter of the terms of the leases, or 20 to 50 years
Leasehold improvements	Over the shorter of the terms of the leases or 10 years
Furniture and fixtures	10% – 33 $\frac{1}{3}$ %
Motor vehicles	10% – 33 $\frac{1}{3}$ %
Plant and machinery and equipment	5% – 50%

The carrying value of leasehold land and buildings comprises:

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
Situated in Hong Kong	165,854	178,807
Situated in Mainland China	4,543	5,064
	170,397	183,871

17. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Land and buildings HK\$'000	Plant and machinery and equipment HK\$'000	Total HK\$'000
As at 31st December, 2023				
Carrying amount	9,321	151,917	–	161,238
As at 31st December, 2024				
Carrying amount	8,774	146,581	4,692	160,047
For the year ended 31st December, 2023				
Depreciation charge	362	22,632	9,968	32,962
For the year ended 31st December, 2024				
Depreciation charge	351	28,310	722	29,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

17. RIGHT-OF-USE ASSETS *(continued)*

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
Expense relating to short-term leases	61,384	55,601
Total cash outflow for leases	94,874	95,599
Additions to right-of-use assets	26,879	206

For both years, the Group leases various offices, warehouses, plant and machinery and equipment for its operations. Lease contracts are entered into at the following ranges of fixed terms:

Leasehold lands	14 – 48 years
Land and buildings	2 – 26 years
Plant and machinery and equipment	3 – 20 years

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.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. The remaining right-of-use assets are depreciated on a straight-line basis over the shorter of its useful life and the lease term.

The Group regularly entered into short-term leases for land and buildings. 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 above.

As at 31st December, 2024 and 2023, the Group had no lease with variable lease payment. The lease agreements do not impose any extension or termination options which are exercisable only by the Group and not by the respective lessors.

As at 31st December, 2024 and 2023, the Group does not provide residual value guarantees in relation to leases arrangements. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

As at 31st December, 2024 and 2023, the Group has no leases that are committed but not yet commenced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

18. INTEREST IN A JOINT VENTURE

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Cost of investments (unlisted)	1,226	1,226
Share of post-acquisition profits and other comprehensive income	3,705	3,705
Less: Impairment loss recognised (Note)	(4,931)	(4,931)
	–	–

Details of the joint venture at the end of reporting period are as follows:

Name of entity	County of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activity
		31.12.2024 %	31.12.2023 %	
昆山羅莎芙爾油墨有限公司	Mainland China	33.25*	33.25*	Inactive

* The Group's 95% owned subsidiary held 35% in this company.

Note: The amount represented the impairment loss on interest in a joint venture amounting to HK\$4,931,000 recognised during the year ended 31st December, 2023. It represented the difference between the carrying amount of the investment and the Company's share of the present value of the expected net future cash flows generated from the investment.

Information of the joint venture that is not individually material

	2024 HK\$'000	2023 HK\$'000
The Group's share of loss and total comprehensive expense	–	(114)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

19. INTEREST IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Cost of investment (unlisted)	4,505	4,505
Share of post-acquisition losses and other comprehensive expense	(4,505)	(4,505)
	–	–
Amount due from an associate		
– Non-current asset (Note b)	11,488	13,744
Less: impairment losses under ECL model	(1,847)	(4,097)
	9,641	9,647
Less: share of post-acquisition losses that are in excess of the cost of the investment	(5,443)	(7,170)
	4,198	2,477

The amount due from an associate after share of post-acquisition losses that are in excess of the cost of the investment of HK\$4,198,000 (2023: HK\$2,477,000) is considered as long-term interests that, in substance form part of the Group's net investments in the relevant associate.

Details of impairment assessment of amount due from an associate are set out in note 37.

Details of the associate as at the end of reporting period are as follows:

Name of entity	Place of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activity
		31.12.2024 %	31.12.2023 %	
Hongkong United Reinforcement Engineering Limited	Hong Kong	45	45	Provision of a structural steel cut and bend facility on the premises for rebar cutting, bending and prefabrication services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

19. INTEREST IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE *(continued)*

Notes:

- (a) The Group is able to exercise significant influence over the associate because it has the power to appoint three (2023: three) out of six directors of the company under the Articles of Association of the associate. The chairman of the board of the associate shall be nominated by another shareholder of the associate and shall have a casting vote in the event of an equality of voting.
- (b) The amount of HK\$11,475,000 (2023: HK\$13,725,000) is unsecured, carries interest at 2% below the best lending rate as quoted by the Hongkong and Shanghai Banking Corporation Limited per annum and is repayable in 2025. The remaining balance of HK\$13,000 (2023: HK\$19,000) is unsecured and interest-free.

Summarised financial information of the associate

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

The associate is accounted for using the equity method in these consolidated financial statements.

	2024 HK\$'000	2023 HK\$'000
Revenue	13,999	12,149
Profit and total comprehensive income for the year	3,836	2,428
	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Current assets	9,920	8,638
Non-current assets	1,782	3,920
Current liabilities	(4,185)	(3,877)
Non-current liabilities	(25,500)	(30,500)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

19. INTEREST IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE *(continued)*

Summarised financial information of the associate *(continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Net liabilities	(17,983)	(21,819)
Proportion of the Group's ownership interest in the associate	45%	45%
Share of net liabilities of the associate	(8,092)	(9,819)
Add: Share of post-acquisition losses that are in excess of the cost of the investment	5,443	7,170
10% pre-acquisition losses not shared	2,649	2,649
Carrying amount of the Group's interest in the associate	–	–

20. EQUITY INSTRUMENT AT FVTOCI

The equity investment is listed in the Frankfurt Stock Exchange.

The fair value of the investment is determined by reference to the bid prices quoted in an active market. At 31st December, 2024, the fair value of the investment is HK\$61,000 (2023: HK\$13,000) and a fair value gain on this equity instrument of HK\$48,000 (2023: fair value loss of HK\$1,993,000) has been recognised in other comprehensive income and accumulated in FVTOCI reserve.

21. INSURANCE POLICY ASSETS

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Insurance policy assets due after one year	7,409	7,226

The Group entered into life insurance policies with insurance companies to insure the executive directors and staff. Under the policies, the beneficiary and policy holder are both Company and a subsidiary of the Company and the total insured sum is HK\$49,686,000 (2023: HK\$49,976,000). The Group paid premium charges at inception of the policies amounting to HK\$324,000. The Group can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payment of HK\$5,392,000 (2023: HK\$5,424,000) plus accumulated interest earned and minus insurance premium charged at inception of HK\$324,000 and the accumulated monthly insurance premium expenses charged. In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance companies will pay the Group an interest of 3% per annum on the outstanding cash value of the policy.

As at 31st December, 2024, the expected life of the policies was remained unchanged from the initial recognition and the directors considered that the financial impact of the option to terminate the policies was insignificant.

Insurance policy assets that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities, amounted to HK\$7,409,000 (2023: HK\$7,226,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

22. INVENTORIES

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
Raw materials	36,217	58,245
Work in progress	72,061	76,917
Finished goods	495,671	453,455
Supplies	1,863	1,925
	605,812	590,542

Write-down of inventories

The Group's inventories include steel products, concrete products and other construction products. The write-down of inventories is mainly related to inventories of GSHK. The net realisable values are subject to fluctuation of market prices of steel products. When there is a fluctuation of market prices of steel products in the market, the selling price of the steel products of GSHK may change which imposes pressures to the net realisable values of steel products.

As at 31st December, 2024, the carrying amount of inventories included inventories of GSHK amounted to HK\$420,941,000 (net of write-down of inventories of HK\$9,596,000) (2023: HK\$377,793,000 (net of write-down of inventories of HK\$7,795,000)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

23. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
Trade receivables	779,638	974,262
Less: Impairment losses under ECL model	(68,270)	(60,924)
	711,368	913,338
Bills receivables	13,395	11,269
Loan receivables (Notes)	4,002	2,929
Less: Impairment losses under ECL model	(550)	(550)
	3,452	2,379
Prepayments	51,052	58,608
Rental and other deposits	22,673	27,841
Other receivables	17,353	40,095
Less: Impairment losses under ECL model	(10,765)	(21,434)
	80,313	105,110
Total trade, bills, loan and other receivables	808,528	1,032,096
Analysed for reporting purpose as:		
Current	801,455	1,025,045
Non-current – Loan receivables, net (Notes)	2,660	1,405
Non-current – Rental and other deposits	4,413	5,646
	808,528	1,032,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

23. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) As at 31st December, 2024, the loan receivables with the carrying amount of HK\$3,452,000 (2023: HK\$2,379,000) are pledged with collaterals such as motor vehicles and repayable by instalments within seven years from the first drawdown date. The Group is not permitted to sell or repledge the motor vehicle in the absence of default by the borrower. There has not been any significant changes in the quality of the collateral held for the loans receivables. The Group has not recognised a loss allowance for the loan receivables as a result of these collaterals.
- (b) Included in the carrying amount of loan receivables as at 31st December, 2024 is accumulated impairment losses of HK\$550,000 (2023: HK\$550,000). Details of impairment assessment are set out in note 37.

As at 1st January, 2023, trade receivables from contracts with customers amounted to HK\$901,147,000.

The following is an aged analysis of trade and bills receivables, net of allowance for credit losses presented based on the invoice date.

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
0 – 30 days	295,671	391,725
31 – 60 days	233,745	318,254
61 – 90 days	127,522	126,525
91 – 120 days	42,334	45,593
More than 120 days	25,491	42,510
	724,763	924,607

As at 31st December, 2024, total bills received amounting to HK\$13,395,000 (2023: HK\$11,269,000) are held by the Group for future settlement of trade receivables of which certain bills amounting to HK\$7,557,000 (2023: HK\$7,913,000) were further endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting periods. All bills received by the Group are with a maturity period of less than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

23. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES *(continued)*

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$273,787,000 (2023: HK\$366,982,000) which are past due at the reporting date. Out of the past due balances, HK\$20,931,000 (2023: HK\$26,494,000) has been past due 90 days or more and is not considered as in default because it's the industry's practice that payments are usually made later than due dates. The Group does not hold any collateral over these balances. Trade receivables which are neither past due nor impaired are in good quality with satisfactory repayment history in the past.

Details of impairment assessment of trade, bills, loan and other receivables are set out in note 37.

The Group holds a money lender license in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to business associates referred by member companies of the Group. The Group gains interest income from provision of such loan facilities through a wholly owned subsidiary of the Company, Golik Capital Limited ("Golik Capital").

Loan Outstanding under Money Lending Business of the Group

The following table shows the Group's loan receivables as at 31st December, 2024 and 2023 in the book of Golik Capital categorised by natures of relevant loans:

Loans by Natures	Loan principal as at 31st December, 2024 HK\$'000	Interest rate per annum %	% of total loan principal as at 31st December, 2024 %
Installment loans, with collaterals	3,452	2.46 – 3.68	86.26
Loan, with personal guarantee	550	7.00	13.74
Total loan receivables	4,002		100.00
Less: Impairment losses under ECL model	(550)		
Net loan receivables	3,452		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

23. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES *(continued)*

Loan Outstanding under Money Lending Business of the Group *(continued)*

Loans by Natures	Loan principal as at 31st December, 2023 HK\$'000	Interest rate per annum %	% of total loan principal as at 31st December, 2023 %
Installment loans, with collaterals	2,379	2.46 – 5.02	81.22
Loan, with personal guarantee	550	6.00	18.78
Total loan receivables	2,929		100.00
Less: Impairment losses under ECL model	(550)		
Net loan receivables	2,379		

Risk Control and Management Policies

The Group has adopted and followed a series of control procedures to regulate Golik Capital's money lending business to ensure comprehensive risk control and management in all money lending transactions so as to safeguard the interest of the Company and its shareholders. Key internal controls adopted in this connection by the Golik Capital include know your client verification, assessment against individual credit risk, proper internal credit approval and ongoing monitoring loan recoverability as follows:

- (1) check and verify background for each loan applicant, such as to obtain comment from the loan applicant's referrer, ask required identity documents and search other information legally available in the market as possible;
- (2) obtain credit report in respect of loan applicant's historical payment default, if any;
- (3) obtain original collateral's document for all secured loans to be applied;
- (4) verify authenticity as possible for all information provided by loan applicant; and
- (5) ready all documents along with an inhouse document check list, propose loan's amount for loan applicant with concluded comment from findings for internal official approval.

To minimise the Group's exposure from credit and management risk, Golik Capital would conduct regular review on each loan's performance against relevant repayment and settlement so that loan's periodical collection could be monitored and recoverability could be ensured, in case unusual loanee's practice found, identify relevant potential risks/problems of the loanee and take corresponding suitable measures as possible. Golik Capital would also periodically conduct relevant checks for loanees and loanees' guarantors against periodical guidelines, notices and sanction lists (if any) circulated by the Hong Kong Companies Registry to ensure compliance with relevant requirements and regulations under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

23. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES *(continued)*

Ageing Analysis of the Outstanding Loans

Net loan receivables with ageing analysis presented below per maturity dates:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Not due yet	3,452	2,379
Overdue	–	–
	3,452	2,379

The procedure performed by the Group in calculating the expected credit loss are disclosed in note 37.

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates.

Details of impairment assessment of cash and cash equivalents are set out in note 37.

25. TRADE, BILLS AND OTHER PAYABLES

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Trade payables	275,594	252,165
Bills payables (Note)	–	9,380
Accruals	120,540	99,121
Deposits received	14,673	14,288
Other payables	20,331	27,181
	431,138	402,135

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

25. TRADE, BILLS AND OTHER PAYABLES *(continued)*

The following is an aged analysis of trade and bills payables presented based on the invoice date.

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
0 – 30 days	196,585	162,680
31 – 60 days	56,465	55,144
61 – 90 days	14,253	21,835
91 – 120 days	4,429	15,584
More than 120 days	3,862	6,302
	275,594	261,545

The credit period on purchases of goods ranges from 30 to 120 days.

26. CONTRACT LIABILITIES

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
Metal products	17,520	15,632
Building construction materials	3,888	5,469
	21,408	21,101

As at 1st January, 2023, contract liabilities amounted to HK\$9,620,000.

All the contract liabilities at the beginning of 2024 and 2023 was recognised as revenue in the relevant years upon the satisfaction of performance obligation, i.e. the delivery of goods to the customer.

When the Group receives advance payment from customer, this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the satisfaction of the performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

27. LEASE LIABILITIES

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
Lease liabilities payable:		
Within one year	23,146	19,875
Within a period of more than one year but not exceeding two years	20,834	13,652
Within a period of more than two years but not exceeding five years	29,417	34,170
Within a period of more than five years	96,119	99,425
	169,516	167,122
Less: Amount due for settlement within 12 months shown under current liabilities	(23,146)	(19,875)
	146,370	147,247

The weighted average incremental borrowing rates applied to lease liabilities range from 1.82% to 6.38% (2023: from 1.82% to 6.38%).

28. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, interest-free and are repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

29. BANK BORROWINGS

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Bank loans	53,546	61,245
Bank loans under supplier finance arrangements	483,187	844,888
	536,733	906,133
Analysed as:		
Unsecured	536,733	906,133

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
The carrying amounts of bank borrowings are repayable		
Within one year	33,395	82,280
Within a period of more than two years but not exceeding five years	38,009	–
	71,404	82,280
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable		
Within one year	465,329	823,853
	536,733	906,133
Less: Amount due within one year shown under current liabilities	(498,724)	(906,133)
	38,009	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

29. BANK BORROWINGS *(continued)*

Bank loans under supplier finance arrangements

The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 150 and 270 days after settlement by the banks with interest ranges from 4.95% to 5.79% (2023: 6.29% to 7.33%) per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates. Information of the Group's supplier finance arrangements is set out in note 42.

The exposure of the Group's borrowings are as follows:

Denominated in	Interest rate per annum	31.12.2024 HK\$'000	31.12.2023 HK\$'000
HK\$	Hong Kong Interbank Offered Rate ("HIBOR") plus 0.80% to 1.30% (2023: HIBOR plus 1.20% to 1.50%)	530,254	844,888
RMB	Fixed rate ranging from 3.75% to 3.85% (2023: ranging from 2.40% to 4.60%)	6,479	61,245
		536,733	906,133

30. SHARE CAPITAL OF THE COMPANY

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st January, 2023, 31st December, 2023 and 31st December, 2024	1,800,000,000	180,000
Issued and fully paid:		
At 1st January, 2023, 31st December, 2023 and 31st December, 2024	574,378,128	57,438

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For the year ended 31st December, 2024

31. SHARE OPTION SCHEME

During the year ended 31st December, 2024, the Company's share option scheme (the "Scheme") was adopted pursuant to the ordinary resolution passed on 14th June, 2024 (2023: 5th June, 2014).

Summary of the Scheme

- a. The primary purpose of the Scheme is to provide incentives or rewards to Participants (see below defined) thereunder for their contribution to the Group and any entity in which the Group holds any equity interest ("Invested Entity") and/or to enable the Group and an Invested Entity to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any Invested Entity.
- b. The directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("Participant(s)"), to take up options to subscribe for shares of HK\$0.10 each in the share capital of the Company ("Shares").

Under share option scheme for the year ended 31st December, 2023, the Participants include:

- (i) any eligible employee;
- (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any person or entity acting in their capacities as advisers or consultants that provides research, development or other technological support to the Group or any Invested Entity; and
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity from time to time determined by the directors having contributed or may contribute to the development and growth of the Group and any Invested Entity.

Under share option scheme for the year ended 31st December, 2024, the Participants include:

- (i) full-time or part-time employee participants; and
- (ii) related entity participants who, in the sole opinion of the Board, will contribute or has contributed to the Company and/or any of its Subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

31. SHARE OPTION SCHEME *(continued)*

Summary of the Scheme *(continued)*

- c. The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Company) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Scheme. The Company can grant options to subscribe up to 57,437,182 (2023: 56,192,250) Shares which is 10% of the total issued Shares of the Company as at the date of approval of the limit. Under share option scheme for the year ended 31st December, 2023, the maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued Shares of the Company from time to time.
- d. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Company (including both exercised or outstanding options) to each Participant in any 12-month period shall not exceed 1% of the issued Shares of the Company for the time being.
- e. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.
- f. An offer of grant of an option may be accepted by a Participant within 14 days (2023:28 days) from the date of the offer of grant of the option. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.
- g. The subscription price per Share under the Scheme shall be a price determined by the directors, but shall not be lower than the highest of:
 - (i) the closing price of the Share as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;
 - (ii) the average closing price of the Share as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and
 - (iii) the nominal value of a Share.
- h. The Scheme has a life of 10 years and will expire on 13th June, 2034 (2023: 4th June, 2024).

No share option has been granted since the adoption of the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

32. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Deferred tax assets	–	–
Deferred tax liabilities	(28,973)	(27,192)
	(28,973)	(27,192)

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

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Withholding tax on retained profits to be distributed HK\$'000	Right-of- use assets HK\$'000	Lease liabilities HK\$'000	Others HK\$'000	Total HK\$'000
At 1st January, 2023	(17,896)	9,648	(16,440)	(27,271)	27,271	556	(24,132)
Credit (charge) to profit or loss	736	(2,910)	(820)	6,860	(6,860)	(66)	(3,060)
At 31st December, 2023	(17,160)	6,738	(17,260)	(20,411)	20,411	490	(27,192)
Credit (charge) to profit or loss	794	(1,175)	(1,400)	(2,505)	2,505	–	(1,781)
At 31st December, 2024	(16,366)	5,563	(18,660)	(22,916)	22,916	490	(28,973)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$594,699,000 (2023: HK\$629,519,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$33,715,000 (2023: HK\$40,836,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately of HK\$560,984,000 (2023: HK\$588,683,000) due to the unpredictability of future profit streams.

All unused tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK\$76,207,000 (2023: HK\$92,740,000) in respect of accelerated accounting depreciation on property, plant and equipment, provision for inventories and impairment losses under ECL model. A deferred tax asset has been recognised in respect of HK\$3,370,000 (2023: HK\$3,370,000) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining HK\$72,837,000 (2023: HK\$89,370,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

33. CAPITAL COMMITMENTS

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	2,263	86,074

34. 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 Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of independent 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, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a monthly cap of HK\$1,500.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Employees located in Mainland China are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contribution schemes.

During the year, the Group made retirement benefits scheme contributions of HK\$13,242,000 (2023: HK\$13,314,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

34. RETIREMENT BENEFITS SCHEMES *(continued)*

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee.

In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1st May, 2025 (the "Transition Date").

The Amendment Ordinance 2022 was gazetted on 17th June, 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1st May, 2025). Separately, the Government of the HKSAR has approved to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP obligation with respect to employees that participate in MPF Scheme and the Group has accounted for the LSP obligation, taking into account the Abolition, in accordance with the accounting policies disclosed in note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

35. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions with a related party:

Relationship	Nature of transactions	2024 HK\$'000	2023 HK\$'000
An associate	Expense relating to short-term leases	13,999	12,149
	Interest income	449	544

Compensation of key management personnel

The Group's key management personnel are all executive directors of the Company, details of their remuneration are disclosed in note 11. Their remuneration is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. 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 net debt, which includes the bank borrowings disclosed in note 29, net of cash and cash equivalents, and equity attributable to shareholders of the Company, comprising share capital, share premium, reserves and retained profits. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	31.12.2024	31.12.2023
	HK\$'000	HK\$'000
<i>Financial assets</i>		
Amortised cost	1,350,718	1,598,959
FVTPL	7,409	7,226
Equity instrument at FVTOCI	61	13
<i>Financial liabilities</i>		
Amortised cost	946,458	1,286,085
<i>Lease liabilities</i>	169,516	167,122

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade, bills, loan and other receivables, bank balances, amount due from an associate, trade, bills and other payables, bank borrowings, lease liabilities and amounts due to non-controlling shareholders. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(c) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets, monetary liabilities and intra-group balances at the end of the reporting period are as follows:

	Assets		Liabilities	
	31.12.2024 HK\$'000	31.12.2023 HK\$'000	31.12.2024 HK\$'000	31.12.2023 HK\$'000
HK\$	–	4,703	–	–
United States dollars	16,865	44,043	119,746	82,760
RMB	255	790	167	171
Others	73	35	1,096	33
Intra-group balances				
HK\$	–	209	17,875	19,891
RMB	3,559	3,398	–	2,064

Sensitivity analysis

The directors consider that the exposure of HK\$ against United States dollars is limited as HK\$ is pegged to United States dollars and the Group is mainly exposed to the currency risk of RMB against HK\$ and United States dollars; and HK\$ against RMB.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase in the functional currencies of the relevant group entities against the foreign currencies. 5% (2023: 5%) is the sensitivity rate used in the management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive number indicates an increase in profit for the year where the functional currencies of the relevant group entities strengthen against the relevant foreign currencies. For a 5% (2023: 5%) weakening of the functional currencies of the relevant group entities, there would be an equal and opposite impact on the profit for the year and the amount below would be negative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(c) Currency risk *(continued)*

Sensitivity balances *(continued)*

	Profit for the year	
	2024 HK\$'000	2023 HK\$'000
Foreign currencies		
HK\$	670	562
United States dollars	(53)	(1,117)
RMB	(152)	(82)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk as the year end exposure does not reflect the exposure during the relevant years.

(d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables (note 23), lease liabilities (note 27), and bank borrowings (note 29). The Group is also exposed to cash flow interest rate risk in relation to the fluctuation of the prevailing market interest rate on insurance policy assets (note 21), variable-rate bank balances (note 24), amount due from an associate with variable interest rate (note 19) and bank borrowings (note 29).

The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

Sensitivity analysis on insurance policy assets and bank balances is not presented as the management considers that the Group's exposure to interest rate fluctuation is insignificant. The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and amount due from an associate. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was existed for the whole year. A 50 (2023: 50) interest rate benchmark reform basis points increase or decrease represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2023: 50) basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31st December, 2024 would have decreased/increased by HK\$2,166,000 (2023: HK\$4,156,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(e) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities and fair value changes on insurance policy assets.

The Group's equity price risk is mainly concentrated on equity instruments quoted in the Frankfurt Stock Exchange. The management closely monitors the price risk and will consider hedging the risk exposure should the need arise. The management considers the exposure of other price risk for its equity investment is not significant.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective equity instruments had been 5% (2023: 5%) higher/lower, the other comprehensive income for the year ended 31st December, 2024 would increase/decrease by HK\$3,050 (2023: HK\$650) as a result of the changes in fair value of equity instrument at FVTOCI.

(f) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade, bills, loan and other receivables, amount due from an associate and cash and cash equivalents.

As at 31st December, 2024 and 2023, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loans receivables is mitigated because they are secured over motor vehicles and settlement of certain trade receivables are backed by bills issued by financial institutions.

Trade receivables arising from contracts with customers/bills receivables

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 once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed bills is insignificant. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk regarding trade and bills receivables, with exposure spread over a number of customers. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

Trade receivables arising from contracts with customers/bills receivables *(continued)*

In addition, the Group performs impairment assessment under ECL model on trade receivables with balances that are credit-impaired individually. Except for trade debtors with balances that are credit-impaired, which are assessed for impairment individually, the remaining trade and bills receivables are assessed using collective assessment with reference to loss patterns as reflected in the debtors' historical payment pattern taking into consideration of quantitative, qualitative and forward-looking information that is reasonable and supportable available without undue cost or effort. Impairment of HK\$7,749,000 (2023: HK\$16,965,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Loan receivables

The directors of the Company estimate the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collaterals pledged to the loan receivables. Based on assessment by the directors of the Company, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals. No loss allowance is recognised during the year ended 2024 and 2023. Details of the quantitative disclosures are set out below in this note.

Other receivables and rental deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL, except for balances that are credit-impaired, which are assessed individually. Reversal of loss allowance amounted to HK\$4,797,000 (2023: HK\$Nil) is recognised during the year.

Amount due from an associate

The directors review the recoverable amount at the end of reporting period to ensure that adequate impairment losses under ECL model are made for irrecoverable amounts. As at 31st December, 2024, the Group assessed the ECL for amount due from an associate and reversal of loss allowance amounted to HK\$2,250,000 (2023: HK\$2,250,000) is recognised during the year.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Therefore, the credit rating is considered to be low credit risk and the impairment loss under ECL model is measured on 12m ECL basis. For the year ended 31st December, 2024 and 2023, the Group assessed the ECL for bank balances and bills receivables were insignificant and thus no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

Bank balances *(continued)*

The Group has concentration of credit risk as 25% (2023: 22%) and 63% (2023: 57%) of the total bank balances was arising from Group's largest bank and the top three banks respectively.

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

Internal credit rating	Description	Trade receivables/ bills receivables	Other financial assets
Low risk	The counterparty has a low risk of default and frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - 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	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

The table below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	2024 Gross carrying amount		2023 Gross carrying amount	
					HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at amortised cost								
Trade and bills receivables	23	N/A	(Note 2)	Lifetime ECL – collective assessment	731,234		930,221	
			Loss	Lifetime ECL – credit-impaired	61,799	793,033	55,310	985,531
Amount due from an associate	19	N/A	Doubtful	Lifetime ECL – not credit-impaired	11,488	11,488	13,744	13,744
Loan receivables	23	N/A	Low risk	12m ECL	3,452		2,379	
			Loss	Lifetime ECL – credit-impaired	550	4,002	550	2,929
Other receivables and rental deposits	23	N/A	(Note 3)	12m ECL	18,815		17,365	
			Loss	Lifetime ECL – credit-impaired	10,765	29,580	21,434	38,799
Bank balances	24	(Note 1)	N/A	12m ECL	599,490	599,490	652,131	652,131

Notes:

1. The external credit ratings range from Aa1 to Baa2 quoted from the rating scale of an international credit rating agency.
2. For trade and bills receivables, the Group has applied the simplified approach in HKFRS 9 to measure the impairment loss at lifetime ECL. Except for trade receivables with balances that are credit-impaired, the Group determines the ECL on these items collectively based on loss patterns as reflected in the debtors' historical payment pattern.
3. For other receivables and rental deposits, except for balances that are credit-impaired, the Group considers the exposure of credit risk is low because counterparties have no historical default record and the directors expect that the general economic conditions will not significantly changed for the 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

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 for trade and bills receivables which are assessed based on a collective basis within lifetime ECL (not credit-impaired). Debtors with balances that are credit-impaired with gross carrying amounts of HK\$61,799,000 as at 31st December, 2024 (2023: HK\$55,310,000) were assessed individually.

Gross carrying amount

	2024		2023	
	Average loss rate	Trade receivables HK\$'000	Average loss rate	Trade receivables HK\$'000
Internal credit rating				
Low risk	0.880%	731,234	0.527%	930,221

The estimated loss rates are estimated with reference to loss patterns as reflected in the debtors' historical payment pattern taking into consideration of quantitative, qualitative and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtors is updated.

As at 31st December, 2024, the Group provided HK\$6,471,000 (2023: HK\$5,614,000) loss allowance for trade and bills receivables based on collective assessment. Loss allowance of HK\$61,799,000 (2023: HK\$55,310,000) were made on debtors with balances that are credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

Trade and bills receivables

The following table shows the movement in lifetime ECL that has been recognised for trade and bills receivables.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1st January, 2023	6,232	38,072	44,304
– Transfer to credit-impaired	(1,048)	1,048	–
– Impairment losses reversed	(1,164)	–	(1,164)
– Write-offs	–	(114)	(114)
New financial assets originated with gross carrying amount of HK\$943,456,000	1,622	16,508	18,130
Exchange difference	(28)	(204)	(232)
As at 31st December, 2023	5,614	55,310	60,924
– Transfer to credit-impaired	(10)	10	–
– Impairment losses reversed	(5,604)	(13,311)	(18,915)
New financial assets originated with gross carrying amount of HK\$740,398,000	6,516	14,417	20,933
Impairment losses recognised	–	5,731	5,731
Exchange difference	(45)	(358)	(403)
As at 31st December, 2024	6,471	61,799	68,270

The Group writes off a trade and bills 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 debtor has been placed under liquidation or has entered into bankruptcy proceedings. Trade and bills receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

Changes in the loss allowance for trade and bills receivables are mainly due to:

	31.12.2024 Decrease in lifetime ECL		31.12.2023 Decrease in lifetime ECL	
	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000
Settlement in full of trade debtors with a gross carrying amount of HK\$934,800,000 (2023: HK\$816,910,000)	(5,604)	(13,311)	(1,164)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

Amount due from an associate

The following tables show reconciliation of loss allowance that has been recognised for amount due from an associate.

	Lifetime ECL (not credit- impaired) HK\$'000
As at 1st January, 2023	6,347
Impairment losses reversed	(2,250)
As at 31st December, 2023	4,097
Impairment losses reversed	(2,250)
As at 31st December, 2024	1,847

Other receivables

The following tables show reconciliation of loss allowance that has been recognised for other receivables.

	Lifetime ECL (credit- impaired) HK\$'000
As at 1st January, 2023	21,507
Exchange difference	(73)
As at 31st December, 2023	21,434
Impairment loss reversed	(4,797)
Write-offs	(5,762)
Exchange difference	(110)
As at 31st December, 2024	10,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(f) Credit risk and impairment assessment *(continued)*

Loan receivables

The following tables show reconciliation of loss allowance that has been recognised for loan receivables.

	Lifetime ECL (credit- impaired) HK\$'000
As at 1st January, 2023, 31st December, 2023 and 31st December, 2024	<u>550</u>

(g) Liquidity risk

In the management of the 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 management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

At the end of the reporting period, the Group has available unutilised short and long-term banking facilities of HK\$1,842,123,000 and HK\$2,933,000 (2023: HK\$1,191,847,000 and HK\$Nil) respectively.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. The facilities for borrowings under supplier finance arrangement is entered into for a period of 150 days to 270 days. As at 31st December, 2024, the Group has available unutilised facilities for such supplier finance arrangement of HK\$1,160,633,000. As the facilities are offered by different financial providers, there is no concentration of liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(g) Liquidity risk *(continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial 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. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	On demand or less than 3 months HK\$'000	4 – 12 months HK\$'000	1 – 2 years HK\$'000	>2 – <5 years HK\$'000	>5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2024 HK\$'000
2024								
Non-derivative instruments								
Trade, bills and other payables	-	406,525	-	-	-	-	406,525	406,525
Bank borrowings								
– Fixed interest rate	3.82	6,527	-	-	-	-	6,527	6,479
– Variable interest rate	5.43	463,443	30,706	11,516	30,711	-	536,376	530,254
Amounts due to non-controlling shareholders	-	3,200	-	-	-	-	3,200	3,200
Lease liabilities	5.21	8,573	22,589	27,651	55,657	100,107	214,577	169,516
		888,268	53,295	39,167	86,368	100,107	1,167,205	1,115,974
2023								
Non-derivative instruments								
Trade, bills and other payables	-	376,752	-	-	-	-	376,752	376,752
Bank borrowings								
– Fixed interest rate	3.06	28,460	7,934	25,416	-	-	61,810	61,245
– Variable interest rate	6.80	823,691	21,197	-	-	-	844,888	844,888
Amounts due to non-controlling shareholders	-	3,200	-	-	-	-	3,200	3,200
Lease liabilities	5.21	7,150	20,388	20,596	53,970	115,989	218,093	167,122
		1,239,253	49,519	46,012	53,970	115,989	1,504,743	1,453,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

37. FINANCIAL INSTRUMENTS *(continued)*

(g) Liquidity risk *(continued)*

Bank loans with a repayment on demand clause are included in the “on demand or less than 3 months” time band in the above maturity analysis. As at 31st December, 2024, the aggregate carrying amounts of these bank loans amounted to HK\$465,329,000 (2023: HK\$823,853,000). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank loans will be repaid within 1 year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Maturity Analysis – Bank borrowings subject to a repayment on demand clause based on scheduled repayments		
	0 – 3 months HK\$'000	4 – 12 months HK\$'000	Total undiscounted cash outflows HK\$'000
31st December, 2024	324,958	144,501	469,459
31st December, 2023	768,428	60,262	828,690

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(h) Fair value measurement of financial instruments

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) ***Fair value of the Group’s financial assets and financial liabilities that are not measured at fair value on a recurring basis***

Some of the Group’s financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31.12.2024	31.12.2023			
Equity instrument at FVTOCI	Asset – HK\$61,000	Asset – HK\$13,000	Level 1	Quoted bid prices from a Frankfurt Stock Exchange	N/A
Insurance policy assets	Asset – HK\$7,409,000	Asset – HK\$7,226,000	Level 3	Quoted cash value from insurance contract vendors	Accounts value less surrender charges

There were no transfer between Level 1 and 3 during the year.

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

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For the year ended 31st December, 2024

38. MAJOR NON-CASH TRANSACTIONS

During the years ended 31st December, 2024, the Group entered into new and modified/terminated lease agreements and recognised HK\$31,256,000 (2023: derecognised HK\$30,127,000) of right-of-use assets and HK\$29,996,000 (2023: HK\$33,964,000) of lease liabilities respectively.

39. 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.

	Bank borrowings HK\$'000	Amounts due to non-controlling shareholders HK\$'000	Lease liabilities HK\$'000	Dividends payable HK\$'000	Interest payables (included in other payables) HK\$'000	Total HK\$'000
As at 1st January, 2023	1,250,243	3,200	233,069	–	683	1,487,195
Financing cash flows	(1,996,979)	(9,836)	(39,998)	(31,591)	(41,267)	(2,119,671)
Trust receipt loans under supply chain financing arrangements	1,653,968	–	–	–	–	1,653,968
Cash dividends declared	–	–	–	31,591	–	31,591
Dividend declared to non-controlling shareholders of subsidiaries	–	9,836	–	–	–	9,836
Lease terminated/lease modified	–	–	(33,964)	–	–	(33,964)
Exchange difference	(1,099)	–	(2,191)	–	–	(3,290)
Interest expenses	–	–	10,206	–	42,674	52,880
As at 31st December, 2023	906,133	3,200	167,122	–	2,090	1,078,545
Financing cash flows	(1,599,667)	(9,661)	(33,490)	(34,463)	(26,522)	(1,703,803)
Trust receipt loans under supply chain financing arrangements	1,231,577	–	–	–	–	1,231,577
Cash dividends declared	–	–	–	34,463	–	34,463
Dividend declared to non-controlling shareholders of subsidiaries	–	9,661	–	–	–	9,661
New lease entered/lease modified	–	–	29,996	–	–	29,996
Exchange difference	(1,310)	–	(2,984)	–	–	(4,294)
Interest expenses	–	–	8,872	–	25,382	34,254
As at 31st December, 2024	536,733	3,200	169,516	–	950	710,399

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For the year ended 31st December, 2024

40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of principal subsidiaries

Name of subsidiaries	Form of business structure	Place of incorporation/ principal place of business	Issued and fully paid share capital/paid up registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31.12.2024	31.12.2023	
Assure Medical Limited	Incorporated	Hong Kong	HK\$10,000,000 (2023: HK\$7,000,000) Ordinary shares	70%	100%	Provision of medical services
Advance Concord Development Limited	Incorporated	Hong Kong	HK\$1,000,000 Ordinary shares	100%	100%	Property holding
China Rope Holdings Limited	Incorporated	Hong Kong	HK\$10,000 Ordinary shares HK\$18,162,854 Non-voting deferred shares	100%	100%	Investment holding
Fulwealth Metal Factory Limited	Incorporated	Hong Kong	HK\$20,000,000 Ordinary shares	100%	100%	Investment holding and operating a decoiling centre
Golik Capital	Incorporated	Hong Kong	HK\$100,000 Ordinary shares	100%	100%	Money lending business
Golik Concrete Limited	Incorporated	Hong Kong	HK\$60,000,000 Ordinary shares	100%	100%	Investment holding and operating concrete batching plants
Golik Godown Limited	Incorporated	Hong Kong	HK\$2 Ordinary shares	100%	100%	Provision of warehouse services
Golik Metal Industrial Company Limited*	Incorporated	Hong Kong	HK\$1,765,000 Ordinary shares HK\$5,135,000 Non-voting deferred shares**	100%	100%	Investment holding and sales of metal products
Golik Metal Manufacturing Co. Limited	Incorporated	Hong Kong	HK\$30,000,000 Ordinary shares	100%	100%	Manufacturing and sales of reinforcing mesh and metal products, and reinforced bar processing
Golik Precast Limited	Incorporated	Hong Kong	HK\$10,000 Ordinary shares	100%	100%	Sales of concrete pipes and related products
Golik Steel (HK) Limited	Incorporated	Hong Kong	HK\$1,321,270,853 Ordinary shares	100%	100%	Investment and properties holding, sales of steel bars and construction materials and provision for handling services
Huizhou Golik New Materials Ltd.	Wholly foreign owned enterprise	Mainland China	RMB8,000,000 Registered capital	100%	100%	Manufacturing and sales of concrete pipes and related products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

General information of principal subsidiaries *(continued)*

Name of subsidiaries	Form of business structure	Place of incorporation/ principal place of business	Issued and fully paid share capital/paid up registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31.12.2024	31.12.2023	
Jiangmen Golik Metal Manufacturing Co., Ltd.	Wholly foreign owned enterprise	Mainland China	HK\$15,500,000 Registered capital	100%	100%	Manufacturing and sales of metal products
Supreme Enterprises, Limited	Incorporated	Hong Kong	HK\$82,636 Ordinary shares	100%	100%	Property investment
The Spacers & Bar Chairs Manufacturer Company Limited	Incorporated	Hong Kong	HK\$800,000 Ordinary shares	80%	80%	Manufacturing and sales of building construction materials
Tianjin Goldsun Wire Rope Ltd. ("TJ Goldsun")	Sino-foreign equity joint venture	Mainland China	RMB60,000,000 Registered capital	70.5%	70.5%	Investment holding and manufacturing and sales of steel wire ropes for elevators and high-end wire rope products
鶴山恒基鋼絲製品有限公司	Wholly foreign owned enterprise	Mainland China	US\$6,380,000 Registered capital	100%	100%	Manufacturing and sales of steel wire products and steel wire ropes
鶴山高力金屬製品有限公司	Sino-foreign equity joint venture	Mainland China	US\$3,380,000 Registered capital	100%	100%	Manufacturing and sales of reinforcing mesh and metal products

* Subsidiaries held directly by the Company.

** The deferred shares, which are not held by the Group, practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the respective company or to participate in any distribution on winding up except authorised by Articles of Association.

Note:

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

General information of principal subsidiaries *(continued)*

None of the subsidiaries had issued debt security at the end of the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2024	2023
Investment holding	The British Virgin Islands	5	5
Investment holding	Hong Kong	5	5
Inactive	Hong Kong	4	4
Inactive	Mainland China	2	2
Others	Hong Kong	2	3
		18	19

Details of non-wholly owned subsidiaries that have material non-controlling interests

Details of TJ Goldsun and its subsidiary ("TJ Goldsun Group"), non-wholly owned subsidiaries with material non-controlling interests, and other individually immaterial subsidiaries with non-controlling interests are set out below.

	2024 HK\$'000	2023 HK\$'000
Profit (loss) allocated to non-controlling interests of		
TJ Goldsun Group	27,947	20,316
Individually immaterial subsidiaries	(5,612)	1,655
	22,335	21,971
	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Accumulated non-controlling interests of		
TJ Goldsun Group	154,436	140,263
Individually immaterial subsidiaries	(23,577)	(21,666)
	130,859	118,597

Summarised financial information in respect of TJ Goldsun Group is set out below. The summarised financial information below represents the amounts before intragroup eliminations.

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40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*
TJ Goldsun Group

	2024 HK\$'000	2023 HK\$'000
Current assets	501,131	485,959
Non-current assets	299,000	306,229
Current liabilities	(154,367)	(183,878)
Non-current liabilities	(122,111)	(134,839)
Equity attributable to owners of the TJ Goldsun Group	369,217	333,208
Non-controlling interests	154,436	140,263
	2024 HK\$'000	2023 HK\$'000
Revenue	810,138	858,254
Expenses	(715,402)	(789,386)
Profit attributable to owners of TJ Goldsun Group	66,789	48,552
Profit attributable to the non-controlling interests	27,947	20,316
Profit for the year	94,736	68,868
Other comprehensive expense to owners of TJ Goldsun Group	(7,139)	(2,521)
Other comprehensive expense to the non-controlling interests	(2,987)	(1,055)
Other comprehensive expense for the year	(10,126)	(3,576)
Total comprehensive income for the year attributable to owners of TJ Goldsun Group	59,650	46,031
Total comprehensive income for the year attributable to the non-controlling interests	24,960	19,261
Total comprehensive income for the year	84,610	65,292
Dividend paid to non-controlling interests for the year	(9,661)	(9,836)
Net cash inflow from operating activities	140,867	119,762
Net cash outflow from investing activities	(38,708)	(6,064)
Net cash outflow from financing activities	(93,464)	(85,897)
Net cash inflow for the year	8,695	27,801

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For the year ended 31st December, 2024

41. STATEMENT OF FINANCIAL POSITION, CAPITAL AND RESERVES OF THE COMPANY

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Non-current Assets		
Property, plant and equipment	349	502
Right-of-use assets	3,544	6,088
Investments in subsidiaries	489,486	489,486
Amounts due from subsidiaries	51,614	31,482
Equity instrument at FVTOCI (note 20)	61	13
Insurance policy assets	3,649	3,561
Rental deposits	332	940
	549,035	532,072
Current Assets		
Deposits, prepayment and other receivables	1,980	978
Amounts due from subsidiaries	323,073	289,250
Cash and cash equivalents	6,485	2,980
	331,538	293,208
Current Liabilities		
Accruals and other payables	6,830	4,303
Amounts due to subsidiaries	41,090	51,404
Lease liabilities	2,862	5,268
Financial guarantee contracts liabilities	2,819	2,787
	53,601	63,762
Net Current Assets	277,937	229,446
	826,972	761,518
Capital and Reserves		
Share capital	57,438	57,438
Reserves	768,816	703,294
Total Equity	826,254	760,732
Non-current liability		
Lease liabilities	718	786
	826,972	761,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

41. STATEMENT OF FINANCIAL POSITION, CAPITAL AND RESERVES OF THE COMPANY *(continued)* MOVEMENT OF CAPITAL AND RESERVES

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	FVTOCI reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st January, 2023	57,438	323,195	65,891	2,006	166,613	615,143
Profit for the year	–	–	–	–	179,173	179,173
Other comprehensive expense for the year						
Fair value loss on an equity instrument at FVTOCI	–	–	–	(1,993)	–	(1,993)
Total comprehensive (expense) income for the year	–	–	–	(1,993)	179,173	177,180
Dividends paid	–	–	–	–	(31,591)	(31,591)
As at 31st December, 2023	57,438	323,195	65,891	13	314,195	760,732
Profit for the year	–	–	–	–	99,937	99,937
Other comprehensive income for the year						
Fair value gain on an equity instrument at FVTOCI	–	–	–	48	–	48
Total comprehensive income for the year	–	–	–	48	99,937	99,985
Dividends paid	–	–	–	–	(34,463)	(34,463)
As at 31st December, 2024	57,438	323,195	65,891	61	379,669	826,254

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For the year ended 31st December, 2024

42. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS

	31.12.2024 HK\$'000	31.12.2023 HK\$'000	01.01.2023 HK\$'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements			
Presented as part of "Bank borrowings" (note 29)	483,187	844,888	N/A
– Of which suppliers have already received payment from the finance provider	483,187	N/A	N/A
	31.12.2024 Days	31.12.2023 Days	01.01.2023 Days
Range of payment due dates			
For liabilities presented as part of "Bank borrowings":			
– Liabilities that are part of supplier finance arrangements	150 – 270	N/A	N/A
– Comparable trade payables that are not part of supplier finance arrangements	30 – 120	N/A	N/A

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the year, borrowings under supplier finance arrangement of HK\$1,231,577,000 (2023: HK\$1,653,968,000) represent the payments to the suppliers by the relevant banks directly. There were no other material non-cash changes in these liabilities.