陸氏集團(越南控股)有限公司
LUKS GROUP (VIETNAM HOLDINGS) CO. LTD.

Stock Code : 0366

陸氏

Annual Report 2024

Contents

Corporate Information

Executive Directors

Cheng Cheung *(Chairman)*
Luk Yan
(Co- Chief Executive Officer)
Luk Fung
(Co- Chief Executive Officer)
Luk Sze Wan, Monsie
(Co- Chief Executive Officer)
Fan Chiu Tat, Martin

Independent Non-Executive Directors

Lam Chi Kuen
Pang Siu Yin
Wong Hoi Wah

Company Secretary

Fan Chiu Tat, Martin, B.Soc.Sc., FCCA, HKICPA

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Share Registrar

Condan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Hong Kong Branch Share Registrar

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

5th Floor, Cheong Wah Factory Building
39-41 Sheung Heung Road
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Corporate Website

www.luks.com.hk

Business Review and Outlook

In 2024, the global economic situations were still volatile. Persistently strong US dollars and high interest rates kept hindering growth of the world and the Asian regional economies. On the other hand, the downturn of the China's economy, in particular the real estate market, also affected investments and sentiments throughout the region. The Group's principal businesses are located in Vietnam, Hong Kong and China. In 2024, various businesses were affected in different extent.

In Vietnam, it was notable that the momentum of growth was accelerating in the Vietnam's economy since second half of 2024. Vietnam recorded a remarkable GDP growth rate of 7.55% in the fourth quarter of 2024, comparing to that of 5.66% in the first quarter, making a full year GDP growth rate of 7.09% in 2024, according to figures from the Vietnam's General Statistics Office. But sectors of economic growth were imbalanced, with manufacturing and in particular, processing industries for export and also tourism becoming main engines. Whereas, only average growth was recorded for other sectors, such as real estate development and private enterprises' investments.

On the other hand, the disbursed foreign direct investment (FDI) in Vietnam recorded a year-on-year increase of 9.4%, showing that foreign companies were willing to actualise their committed investments in Vietnam during 2024. Yet, the total newly registered FDI capital shrank 3% comparing to year 2023, illustrating that foreign investments were still cautious in increasing new investments in Vietnam during the year.

As attitude of foreign investments tended to be preservative, resulting in a lacklustre demand of office spaces in the market. Whereas, on the other hand, the supply of office buildings increased in Ho Chi Minh City during the year, and thus resulted in the leasing performance of the Group's Saigon Trade Centre recording a downturn in 2024. Moreover, since the construction sector and real estate markets were still sluggish in Vietnam in 2024, the Group's cement plant continued to suffer losses as at the year ended 31 December 2024. However, partly thanks to the endeavour in cost controlling efforts, the operating loss was reduced comparing to that of the previous year.

Furthermore, strong US dollar has driven down the exchange rate of Vietnamese currency to HK dollar in 2024. As at 31 December 2024, the Vietnamese Dong depreciated against the Hong Kong dollar by approximately 5.25% compared to 31 December 2023. Affected by the depreciation, the Group's revenue and profits from Vietnam also recorded a corresponding decrease when they were converted into Hong Kong dollars on the Group's accounts.

As for the Group's hotel business in Hong Kong, thanks to the returning of visitors to Hong Kong, as well as Hong Kong government's policies in promoting tourism, the performance of the Group's "Pentahotel Hong Kong, Tuen Mun" was steady in 2024.

Looking forward to 2025, as the real estate and construction industries in Vietnam are still sluggish, it is expected that operation of the Group's cement plants will still be difficult. On the other hand, as there will be more supply of office buildings in HCMC, it may continue to pressurise the leasing performance of the Saigon Trade Center. Yet, seeing a strong momentum and acceleration of Vietnam's economic growth, foreign investors may increase their investments as a result and lead to an increase in demand for HCMC office spaces in 2025. As for the hotel business, it is estimated that the performance of the Pentahotel Hong Kong, Tuen Mun will be growing steadily, amidst a strong recovery of tourism in Hong Kong. The Group will also welcome the opening of its new hotel, Le Carré Hue in Vietnam in the second quarter of 2025.

Chairman's Statement

For the year ended December 31, 2024, the Group's turnover was HK$372,746,000, representing a decrease of approximately 12.8% from the HK$427,308,000 recorded last year. The Group's turnover mainly comes from cement business, property investment and hotel business. Among them, the cement business turnover was HK$154,190,000, a decrease of approximately 21.1% compared with last year. The turnover of property investment business was HK$145,982,000, a decrease of approximately 4.6% compared with last year. The hotel business turnover was HK$61,798,000, a decrease of approximately 1.4% compared to last year.

For the full year of 2024, the Group recorded a consolidated net profit after tax of HK$18,604,000, compared with a consolidated net loss after tax of HK$98,650,000 for the ended 31 December 2023. The consolidated net profit attributable to owners of the parent company was HK$19,144,000, compared with a consolidated net loss of HK$98,241,000 recorded last year. Basic profit per share was HK3.8 cents (2023: loss per share was HK19.5 cents).

According to the assessment of an independent valuer, the recoverable amount of the cash-generating unit of the cement business significantly decreased, as a result of continuing losses for the past few years. The Group has, therefore, made impairment provisions for its properties, plants and equipment, for an amount of HK$36,822,000 and HK$139,211,000, respectively for the year ended 31 December 2024 and 2023. Although the above provisions have negative impact to the Group's profit and asset value, they do not affect the Group's cashflow. If the above provisions had been ignored, the Group's overall operating performance for the last two years would have appeared stable.

Cement Business

The year 2024 posed significant challenges for the Vietnam's cement sector, primarily due to over-supply while both domestic and export markets faced lack of demand and fierce price competition. Despite certain government support policies, domestic cement demand remained low, mainly due to the lack of a clear recovery in the real estate market and ongoing difficulties in public investment disbursement.

In 2024, total cement supply of Vietnam reached about 122 million tons, while domestic consumption demand only reached about 60 million tons. For export side, Vietnam's total cement export recorded only about 20 million tons in 2024, according to the Vietnam National Cement Association. Competition in the cement industry was intense as a result.

The sluggish domestic cement market has thus largely affected the sales performance of the Group's cement plants in the central region of Vietnam.

On the costs side, although coal prices have shown a downward trend, electricity price rose by 5% from October 2024, and together with low production output, the overall cost efficiency of the Group's cement plants was low during the year. On the other hand, as Vietnam has committed to attain to international treaties regarding environmental protection, and thus requiring the domestic cement plants to increase investments and operating costs on the environmental aspect. Besides, local government's changes in transportation management policies and stricter regulations on cement loading also created distribution challenges, particularly in the central region, and resulted in an increase in transportation cost of the Group's cement plants.

For the year ended December 31, 2024, the cement and clinker sales volume of the Group's cement plants was approximately 388,700 tons, a decrease of approximately 16.5% from 465,600 tons in the previous year. The Group's cement business recorded an after-tax loss of approximately HK$44,913,000 in 2024, a decrease of 72.0% comparing to a loss of HK$160,415,000 in the previous year.

Due to the continuous losses in the past three years, the recoverable amount of the cash-generating unit of the cement business was significantly reduced according to the assessment of an independent valuer. Therefore, the Group made impairment provisions for its properties, plant and equipment for each of the year 2024 and 2023, amounting to HK$36,822,000 and HK$139,211,000 respectively.

Looking ahead, it is estimated that cement operating environment is still difficult in 2025, although slight improvement is expected, with a few stimulations in the central region of Vietnam. Hue province has officially been approved by the National Assembly to become a centrally governed city starting January 1, 2025, which shall bring in more attention and investments in the province. Besides, the government has agreed to restart two nuclear power plant projects in Ninh Thuan and pumped-storage hydropower project nearby. Several seaports and airports in provinces surrounding Hue have also been approved for construction. Those projects shall bring in demand of cement in the central region of Vietnam.

On the other hand, as Vietnam government has adopted stricter environmental requirements, cement producers will need to make additional investment in technology and waste control system to meet state regulations in reducing dust and CO2 emissions from the production process. And therefore, the Group's cement plants will need to put more investment on upgrading some of the equipment, such as the automatic monitoring systems and urea spraying system so as to reduce NOx emissions and to meet with the environmental regulations in Vietnam in 2025.

Property Investment Business

Although Vietnam recorded a GDP growth rate of 7.09% in 2024, it was mainly driven by manufacturing, processing industries, especially electronics export and tourism, other sectors of the economy appeared to be stagnant, dragged by the sluggish real estate market. Besides, foreign investors were cautious investing in Vietnam in view of the volatile world economic situation. As a result, demand for office spaces in the market was not as strong as expected in 2024.

Whereas, on the other hand, supply of office buildings in the market has been increasing. During 2023 and 2024, the total new supply of Grade A office in HCMC hits its peak in the past few years with over 185,000 sqm new leasable areas launching in the market. Consequently, vacancy in the office market generally increased. Moreover, newly developed office buildings, which mostly equipped with green certificates, such as Green Mark and LEED, also intensified the market competition, especially in the CBD of HCMC.

As at 31 December 2024, the Group's Saigon Trade Center recorded a decline in occupancy rate to 72% comparing to 78% as at 31 December 2023. The average rental rate was more or less stable, whereas the annual income recorded a slight decrease, comparing to 2023.

Looking ahead to 2025, there is still newly completed office buildings coming into the HCMC office market, and thus will intensify the market competition, yet most of the new supply will be concentrated in non-CBD areas, such as Thu Duc City and District 7. On the other hand, the demand of office spaces is expected to pick up in 2025 as a result of increasing foreign investments in Vietnam, seeing a stable and robust Vietnam's economy. The growth has been notably strong in IT sector, which has contributed to 30% of leasing areas, according to JLL's report. Furthermore, GOOGLE has confirmed establishing its operations in Vietnam starting from 2025, may also bring in boosting effect to foreign investors investing in Vietnam, especially the IT business, which may benefit the office leasing market in HCMC as a result.

Chairman's Statement

For the Group's other property investment, the overall rental income of the Group's rental properties in Hong Kong and Mainland China remained generally stable in 2024.

In 2024, a fair value gain of HK$6,719,000 was recorded on the Group's aggregate investment properties, an increase of HK$4,543,000 comparing to a fair value gain of HK$2,176,000 recorded in 2023.

Hotel Business

In 2024, Pentahotel Hong Kong, Tuen Mun performed steadily, with its occupancy rate recorded a slight slip to 90.4% from that of 91.3% in 2023. However, being driven by the increase in both mainland and overseas tourists, average daily rate (ADR) of the hotel recorded an increase of 2.1%, compared to 2023. According to data provided by the Hong Kong Hotels Association, although the number of overnight tourists in Hong Kong increased by 27.9% in 2024, the average ADR of the Hong Kong hotel industry decreased by 4.6% compared with 2023. It showed that the performance of the Group's hotel in 2024 was better than the average of the Hong Kong hotel industry.

As of December 31, 2024, the hotel business contributed an operating income of HK$61,798,000 to the Group, a slight decrease of 1.4% comparing to HK$62,652,000 of year 2023. Profit before depreciation and impairment was HK$17,066,000, an increase of approximately 6.7% from the HK$15,991,000 recorded last year. According to the assessment of an independent valuer, the Group was required to make an impairment provision of HK$8,018,000 on its hotel's properties, plant and equipment for the year 2024. Consequently, after deducting the impairment and depreciation, the hotel business recorded a loss of HK$12,157,000, an increase of 150.0% from the loss of HK$4,870,000 in last year.

Looking ahead to 2025, the Hong Kong hotel industry is expected to see steady growth, driven by tourism diversification, government support and infrastructure development. However, challenges such as the strong Hong Kong dollar, regional competition from other tourist destinations and labour shortages will persist. The Hong Kong Tourism Board's global marketing campaigns, emphasizing Hong Kong's unique culture, "panda economy," events, and attractions, will play a crucial role in attracting diverse visitors. Additionally, the opening of the Kai Tak Sports Park in March 2025 and the Northern Metropolis initiative will position Hong Kong as a premier destination for mega-events, creating new opportunities for hotel demand.

In 2025, Pentahotel Hong Kong, Tuen Mun will focus on capturing opportunities in niche markets such as cultural tourism and long stay business, while continuing to promote local tourism initiatives to offset fluctuations in international demand. Strategic partnership with online travel agents and local attractions will drive bookings and enhance guest experiences. Investments in sustainability and technology will further improve operational efficiency and meet the growing demand for eco-friendly and tech-driven accommodations. All in all, Pentahotel Hong Kong, Tuen Mun will strive for operational excellence, guest satisfaction, and strategic innovation as its primary goals in 2025.

Property Development Business

The Construction works and the interior decoration works of the Group's "Hue Square" project in Hue Province, Vietnam is expected to be completed finally by the first quarter of 2025. The pre-opening works of the hotel portion, Le Carré Hue, has been kicked start, with all key staff already in place. The Grand opening is expected to be held in the second quarter of 2025.

Since Hue province has been officially upgraded to a Municipality in 2025, tourism and business traveller arrivals are expected to increase. As the Vietnamese government actively promotes tourism and is considering the possibility of exempting more countries from tourist visas, the Group's Le Carré Hue hotel is expected to benefit when it comes into operation.

On the other hand, the Group planned to redevelop the mixed commercial and residential property in Shanghai Street, Yau Ma Tei, Hong Kong acquired in 2021. However, since the government's planning for the district is still unclear and the real estate market has been heading to a downturn in recent years, the Group will not commence the redevelopment of the Property within this year.

In addition, the Group holds a piece of land located in Binh Thanh District, Ho Chi Minh City, Vietnam, which will still be regarded as land reserve for the time being and will only be developed in an appropriate timing in future.

Dividend

The board of directors proposes to distribute a final dividend of HK2 cents per share to shareholders. Together with the interim dividend of HK2 cents per share for this year, the total dividend for this year will be HK4 cents per share.

Appreciation

I would like to take this opportunity to extend my gratitude to my fellow directors, management and staff members for their contributions to the Group and to our shareholders for their support, confidence and recognition to the Group strategies and direction.

Cheng Cheung
Chairman

19 March, 2025

Management Discussion and Analysis

Financial Review

Liquidity and Financial Resources

The Group's cash, bank balances and time deposits as at 31 December 2024 amounted to HK$549,179,000 (31 December 2023: HK$465,369,000).

The Group has no bank and other borrowings as at 31 December 2024 (31 December 2023: Nil).

The gearing ratio, which is net debt divided by the equity attributable to equity holders of the parent, was not applicable as at 31 December 2024 (31 December 2023: not applicable).

Significant Investments Held

As at 31 December 2024, the Group has an unlisted investments of HK$5,123,000 (31 December 2023: HK$5,169,000) in Hong Kong.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group is exposed to the risk of exchange rate fluctuations in Vietnamese Dong ("VND") for its investments in Vietnam, especially the income, current assets and liabilities of the cement plant and the Saigon Trade Center. The exchange rate of VND to HKD recorded a depreciation of 5.25% as at 31 December 2024 when compared to the rate as at 31 December 2023. The Group recorded an exchange loss of HK$2,747,000 during the year. Since VND is not a freely convertible currency, hedging instruments in the market are very limited and is not cost efficient to do so. The interest deviation between VND and HKD is also a barrier for setting up an effective hedge for the VND devaluation. As such, the Group has not employed any currency hedging instrument during the financial year.

Details of Capital Commitments

As at 31 December 2024, the Group's capital commitments amounted to HK$14,263,000 (31 December 2023: HK$27,903,000).

Details of Contingent Liability

As at 31 December 2024, the Group has no significant contingent liability (31 December 2023: Nil).

Employees and Remuneration Policy

As at 31 December 2024, the Group had approximately 820 employees, of which about 86% were situated in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$56,129,000 for the year ended 31 December 2024 (31 December 2023: HK$61,357,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

Financial Review (continued)

Environmental, Social and Corporate Responsibility

As a responsible organization, the Group is committed to maintain high environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including employment, workplace conditions, health and safety and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationship with its employees, enhances cooperation with its vendors and provides high quality products and services to its customers and dealers so as to ensure sustainable development.

Environmental, Social and Governance Report

About This Report

This is the Environmental, Social and Governance ("ESG") Report prepared by the Group pursuant to the Environmental, Social and Governance Reporting Guide provided in Appendix 27 to the Listing Rules on the Stock Exchange ("the Guide"). This report covers our operations in Hong Kong, Vietnam and China for the financial year ended 31 December 2024.

As the Group's cement plant employed 80% of the Group's total employees and its operation has the most impact on environment, emphasize has been put on the Group's cement plant in Vietnam based on the materiality principle, while hotel operation and property investment operation have been covered in brief for the relevant aspects involved. The Board has reviewed and approved this ESG Report. This ESG Report addresses all the General Disclosures under each Aspect of the Guide.

The Group predominantly follows the Environmental, Social and Governance Reporting Guide (the "ESG Guide") outlined in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its foundation.

The objective is to create a robust ESG framework. The sustainability disclosure and contents of this Report adhere to the principles of "Materiality", "Quantitativeness", "Consistency" and "Balance" as defined in the report.

Board Statement

Dear Stakeholders,

We are excited to share our progress in sustainability and responsible business practices, especially in the face of climate change challenges. Our ESG report reflects our dedication to Environmental, Social, and Governance (ESG) excellence.

While we celebrate our achievements, we know more action is needed. Our report not only highlights what we've done but also outlines our plans for the future. It shows our goals, strategies, and commitments to keep improving on climate change and other ESG issues.

We thank all our stakeholders for their support and collaboration. Your input has been crucial in shaping our sustainability efforts, especially in addressing climate change. Please read our report, ask questions, and share your thoughts. Your feedback will guide us as we work to make a bigger impact and drive progress.

As a responsible Board, we are dedicated to making sustainability a core part of our company, encouraging innovation, and creating positive change. We believe that by embracing sustainability, we ensure our company's long-term success and help build a more sustainable future for everyone, especially in fighting climate change.

Thank you for your support and partnership. Together, we can make a difference and create a lasting legacy for future generations.

Materiality Assessment

In our Materiality Assessment process, we have meticulously collected and evaluated potential ESG issues to confirm their significance and relevance to our organization. These identified issues underwent a thorough review by our Board, culminating in the recognition of 13 material issues that hold paramount importance to our sustainability journey. These 13 material issues have been thoughtfully presented in a matrix, providing a comprehensive overview of the key focus areas that guide our strategic decision-making and ESG initiatives. This matrix serves as a foundational tool in aligning our actions with our commitment to transparency, stakeholder engagement, and sustainable business practices.

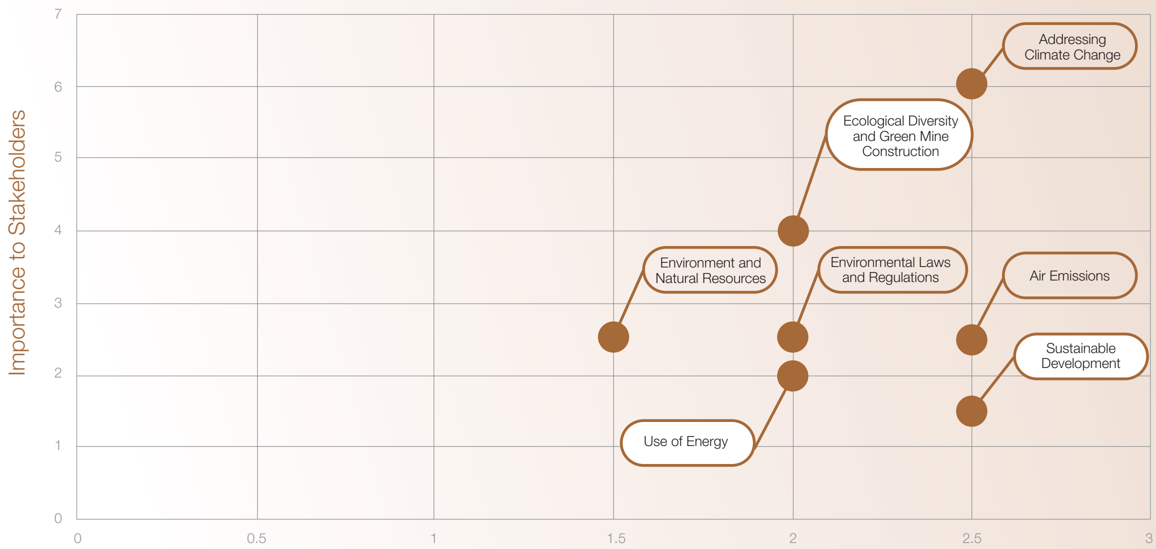
Material Issues in Environmental Aspect

- Sustainable Development
- Environmental Laws and Regulations
- The Environment and Natural Resources
- Use of Energy
- Ecological Diversity and Green Mine Construction
- Air Emissions
- Addressing Climate Change

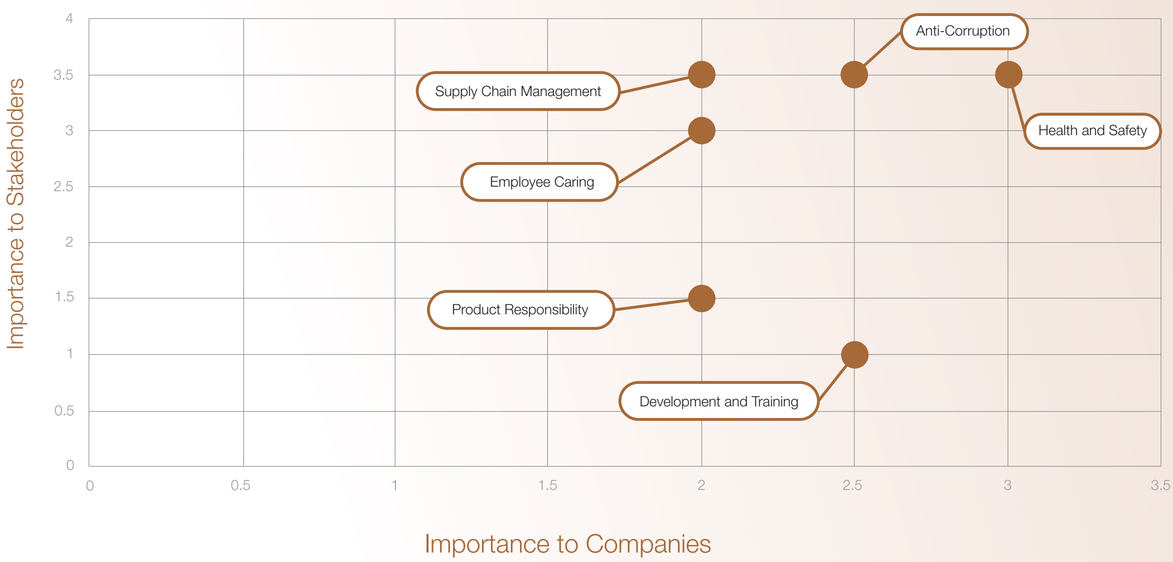
Material Issues in Social Aspect

- Health and Safety
- Product Responsibility
- Development and Training
- Employee Caring
- Anti-Corruption
- Supply Chain Management

Material Issues in Environmental Aspect



Material Issues in Social Aspect



Sustainability Targets

The Group is committed to achieving environmental and social sustainability in our daily operations.

Our emission reduction targets by the end of 2025 are as follows:

Scope	Target
GAS EMISSION	2% reduction at the end of Year 2025
HAZARDOUS WASTE	Reduction to 0.03kg/ton of clinker
NON-HAZARDOUS WASTE	Reduction to 0.18kg/ton of clinker
OCCUPATIONAL HEALTH AND SAFETY	Ensure zero occupational health and safety incidents

Our Approach

The United Nations has developed 17 overarching sustainable development goals (SDGs) for a more sustainable future. They serve as a blueprint for sustainable strategies that are relevant to and materially affect our business and stakeholders.

This ESG report presents a comprehensive assessment of our organization's environmental, social, and governance performance, focusing on ten select Sustainable Development Goals (SDGs) out of the United Nations' 17 overarching SDGs. By utilizing this targeted SDG framework, we aim to align our sustainability efforts with key global priorities and contribute to specific areas of sustainable development.

Here are the SDGs which most closely fit with our business model:

1. No Poverty

2. Zero Hunger

3. Good Health and Well Being

4. Quality Education

5. Gender Equality

8. Decent Work and Economic Growth

9. Industry, Innovation and Infrastructure

10. Reduced Inequalities

12.Responsible Consumption and Production

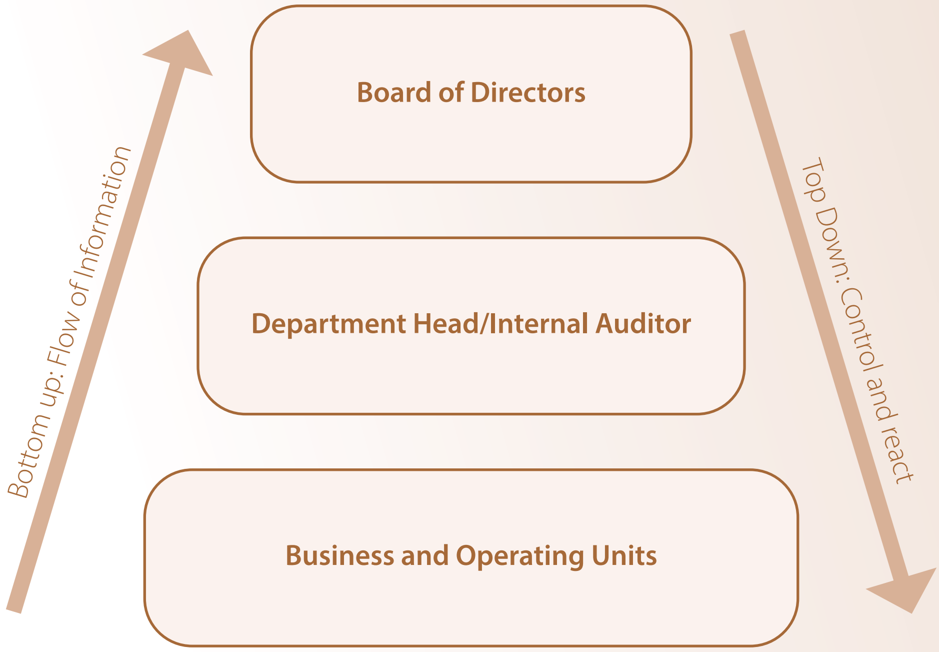
13. Climate Action

Our Approach (continued)

Our ESG report will be structured around the three core pillars of Environmental, Social, and Governance, as reflected in the selected SDGs. Through this framework, we will evaluate our performance, highlight areas of strength, and identify opportunities for improvement to ensure that our business practices align with the principles of sustainability and responsible stewardship.

We recognize that the journey towards sustainability is dynamic, and this report serves as a starting point for our ongoing commitment to ESG performance and the select SDGs. Through measured actions and collective efforts, we strive to create a positive and lasting impact on the world, fulfilling our role in building a more sustainable and inclusive future.

Governance Structure



The Group has established a robust governance structure that ensures accountability and control throughout our organization. Our governance structure operates on a three-level framework, with the Board of Directors at the top, department heads in the middle and the operational units at the bottom. This structure facilitates information flow from the operation units to the Board and enables top-down control to ensure effective decision-making and oversight.

Our Reporting Principles

This report has been complied in accordance with the following principles:

MATERIALITY

Materiality refers to the concept of identifying and disclosing information that is relevant and significant to the understanding of a company's ESG performance. Materiality assessment involves determining which ESG issues are most important to the company and its stakeholders based on their potential impact on the company's financial performance, reputation and the interests of stakeholders.

QUANTITATIVE

Quantitative data involves the use of measurable and numerical information to report on ESG performance. This includes data such as greenhouse gas emissions, energy consumption, waste generation, employee diversity ratios, health and safety incidents and other key performance indicators.

CONSISTENCY

Consistency refers to the need for a standardized and consistent approach to reporting ESG information. Consistency ensures that data and information are reported in a comparable and reliable manner, allowing stakeholders to make meaningful comparisons across companies and time periods.

BALANCE

Balance means that an ESG report should provide an unbiased, fair and objective representation of the company's ESG performance, practices and impacts. It should present both the positive and negative aspects and provide a comprehensive view of the company's efforts and challenges in the environmental, social, and governance areas.

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Concerns	Organization's Response
Customers	Product quality and safety, pricing, customer service	Implement rigorous quality control processes, adhere to safety standards, maintain competitive pricing, enhance customer service through feedback mechanisms and dedicated support channels
Employees	Fair wages, workplace safety, career development, work-life balance	Provide competitive and fair compensation, ensure a safe working environment, offer training and development programs, promote work-life balance initiatives such as flexible working arrangements
Suppliers	Ethical sourcing, sustainability practices, fair business practices	Establish supplier code of conduct, evaluate suppliers based on environmental and social criteria, promote fair and transparent procurement processes
Government Organisations	Compliance with regulations, responsible business practices	Ensure adherence to relevant laws and regulations, engage in constructive dialogue with government agencies, support initiatives that align with national priorities
Communities	Environmental impact, community engagement, local economic development	Minimize environmental footprint, support local community projects and initiatives, engage in regular communication and consultation with community members, create employment opportunities
Shareholders	Long-term value creation, transparency, governance practices	Communicate strategic direction and performance, provide transparent and accurate financial reporting, maintain effective governance structures, engage in shareholder dialogue and annual general meetings

Environmental, Social and Governance Report

Environment

The Group recognizes the importance of adhering to environmental laws and regulations and adopting of proper environmental policies are essential to the sustainability of the corporate growth. The Group's operations have been strictly following the environmental laws and regulations in their respective countries. The Group's cement plant in Hue, Vietnam has specifically set up an ISO department, with purposes of formulating the Group's environmental policies and ensuring the cement operation is in all time complying with the policies. The ISO department also keeps an eye on the latest development of the environmental laws and regulations in Vietnam and to make sure the cement plant is in compliance with the relevant laws and regulations from time to time.

1. Emission

The main environmental issues associated with cement production are the consumption of raw materials and energy, as well as emissions to air. The key polluting substances emitted to air are dust, carbon dioxide (CO_2), nitrogen oxide (NOx) and sulphur dioxide (SO_2). Other less polluting substances include carbon oxides, polychlorinated dibenzo-p-dioxins and dibenzofurans, total organic carbon, metals, hydrogen chloride and hydrogen fluoride.

Coal consumption is the main source of gas emission in the cement production process. On average, it requires 0.164 ton of coal to produce one ton of clinker. In 2024, the Group's cement operation consumed 33,978 tons of coal.

1.1 Carbon dioxide (CO_2)

CO_2 is released as a by-product during calcination, which occurs in the upper and cooler end of the kiln, or a precalciner, at temperatures of 600-900°C, and results in the conversion of carbonates to oxides. At higher temperatures in the lower end of the kiln, the lime (CaO) reacts with silica, aluminum and iron containing materials to produce minerals in the clinker, an intermediate product of cement manufacture. The clinker is then removed from the kiln for cooling, grounding to fine powder, and mixing with a small fraction (about five percent) of gypsum to create the most common form of cement known as Portland cement.

Year 2024, the Group's cement plant is operating one production lines, namely D lines. CO_2 emission measurements for the D production line were 129.97 mg/Nm^3.

Environment (continued)

1. Emission (continued)

1.2 Nitrogen oxide (NOx)

Nitrogen Oxide (NOx) is a family of poisonous, highly reactive gases. NOx is a by-product produced by the clinker burning process under exceptional high temperature. Efficient technical measures are required to reduce its emission in the process. NOx often appears as a brownish gas and it is a strong oxidizing agent, playing a major role in the atmospheric reaction with volatile organic compounds (VOC) that produces smog on hot summer days.

In 2024, NOx emission measurements for the D production line were 471.5 mg/Nm^3.

1.3 Sulphur dioxide (SO_2)

Sulfur dioxide is an invisible gas with nasty and sharp smell. It reacts easily with other substances to form harmful compounds, such as sulfuric acid, sulfurous acid and sulfate particles. The main source of sulfur dioxide in the air is industrial activity that processes materials containing sulfur such as the electricity generation from coal, oil or gas. Sulfur oxides, mainly SO_2, are generated both from the sulfur compounds in the raw materials and from sulfur in fuels used to fire a preheater.

In 2024, SO_2 emission measurements for the D production line were 69 mg/Nm3.

1.4 Dust

Dust emissions originate mainly from the raw mills, the kiln system, the clinker cooler, and the cement mills. A general feature of these process steps is that hot exhaust gas or exhaust air is passing through pulverized material resulting in an intimately dispersed mixture of gas and particulates.

In 2024, dust emission measurements for the D production line were 38.5 mg/Nm^3 respectively.

1.5 Water

Waste water discharge is usually limited to surface run off and cooling water only and causes no substantial contribution to water pollution. The storage and handling of fuels is a potential source of contamination of soil and groundwater. Apart from that, the environment can be affected by noise and odors.

Environment (continued)

1. Emission (continued)

1.6 Environmental issues control and future plan

Regarding environmental issues such as emission, dust, noise, water, the Group appoints environmental monitor company every year in performing related measurements on quarterly basis in accordance with respective Vietnam environmental legislation, measurement and analysis as follows:–

Vietnam environmental measurement standards *Appendix 1*

No.	Item	Measurement and Analysis Method
1	Air Quality	
1.1	Air Quality (Dust Content)	TCVN 5067:1995
1.2	Amount of Dust	TCVN 5704:1993
1.3	NO_2	TCVN 6137:2009
1.4	SO_2	TCVN 5971:1995
1.5	CO	ASTM D1945
1.6	H_2S	MASA Method 701
2	Noise, Vibration, Meteorological Observation	
2.1	Noise	TCVN 7878:-2:2010
2.2	Vibration	TCVN 6963: 2001
2.3	Meteorological Observation (Temperature, Humidity, Wind speed and pressure)	QCVN46:2012/BTNMT
3	Exhaust Gas	
3.1	Amount of Dust and Content (CO, NOx, SO_2)	TCVN 5977:2009
4	Waste Water	
4.1	pH	TCVN 6492:2011
4.2	DO (Dissolved Oxygen)	TCVN 7325:2004
4.3	Color	TCVN 6185:2008
4.4	Hardness ($CaCO_3$)	SMEWW 2340C:2012
4.5	TSS (Suspended Solids)	TCVN 6625:2000
4.6	COD (Chemical Oxygen Demand)	SMEWW 5220-C:2012
4.7	BOD_5(Biochemical Oxygen Demand)	TCVN 6001:2008
4.8	Fe (Iron)	TCVN 6177:1996
4.9	Zn (Zinc)	TCVN 6193:1996
4.10	Pb (Lead)	SMEWW 3113B:2012

Environment (continued)

1. Emission (continued)

1.6 Environmental issues control and future plan (continued)

Vietnam environmental measurement standards *Appendix 1*

No.	Item	Measurement and Analysis Method
4.11	Cd (Cadmium)	SMEWW 3113B:2012
4.12	Mn (Manganese)	SMEWW 3113B:2012
4.13	Hg (Mercury)	TCVN 7877:2008
4.14	As (Arsenic)	TCVN 6626:2000
4.15	Oil, Grease	TCVN 5070:1995
4.16	Coliform	TCVN 6187-2: 2009
4.17	E. Coli	TCVN 6187-2: 2009
5	Surface Water	
5.1	pH	TCVN 6492:2011
5.2	DO (Dissolved Oxygen)	TCVN 7325:2004
5.3	Color	TCVN 6185:2008
5.4	Hardness ($CaCO_3$)	SMEWW 2340C:2012
5.5	TSS (Suspended Solids)	TCVN 6625:2000
5.6	BOD_5 (Biochemical Oxygen Demand)	TCVN 6001:2008
5.7	Fe (Iron)	TCVN 6177:1996
5.8	Zn (Zinc)	TCVN 6193:1996
5.9	Pb (Lead)	SMEWW 3113B:2012
5.10	Mn (Manganese)	SMEWW 3113B:2012
5.11	Oil, Grease	TCVN 5070:1995
5.12	Coliform	TCVN 6187-2: 2009
5.13	E. Coli	TCVN 6187-2: 2009

All the measurement results are required to compare with respective Vietnam National Standards such as:

1. QCVN 05:2013/BTNMT (National technical regulations on Surrounding Air Quality)
2. QCVN 06:2009/BTNMT (National technical regulations on hazardous substances in ambient air)
3. QCVN 40:2011/BTNMT (National technical regulations on Industrial Wastewater)
4. QCVN 23:2009/BTNMT (National technical regulations on Emissions of Cement Production)
5. QCVN 24:2017/BYT (National technical regulations on permissible levels of noise at workplace)
6. QCVN 26:2017/BYT (National technical regulations on permissible value of microclimate in the workplace)
7. QCVN 27:2017/BYT (National technical regulations on permissible levels of vibration in the workplace)
8. Decision No. 3733/2002/QD-BYT (Decision about Workplace environment: 21 occupational health standards, 5 basic principle and 7 Working hygiene parameters)

Environment (continued)

1. Emission (continued)

1.6 Environmental issues control and future plan (continued)

According to all environmental measurement quarterly report in 2024, the Group's cement plant has complied with all the above-said Vietnam Nation standards and requirements.

In October 2017, the Group's cement plant commissioned an external contractor to install a Continuous Emission Monitoring System ("CEMS") at the plant's production facilities to comply with the environmental laws in Vietnam. The CEMS measures gas flow, dust emission at the plant's grinder and clinker cooling units. Other gas emissions including carbon monoxide, sulphur dioxide, nitrogen oxide, oxygen, and temperature at the plant's kiln units are also monitored by the CEMS. Gas emission information in real-time of 5-minute intervals can be transmitted to the plant's ISO department, the plant's control rooms, and the monitoring centre at the Department of Natural Resources and Environment of Thua Thien Hue Province. The installation was completed in May 2018. Based on the requirements of connection data regulation, the installation is required to be verified by a third party and accordingly and at Letter 1763/STNMT-MT dated 12/08/2020, the Company's Continuous Emission Monitoring System is approved for use. Annually, according to current regulations. The company must hire a third party to verify the equipments.

1.7 Physical Wastes

Apart from the above emission issues, there are some physical wastes arising from daily operations. These physical wastes can be classified as hazardous and non-hazardous nature.

For hazardous waste such as electronic items, used oil and used filter bags, the cement plant has appointed a government approved agent to dispose those hazardous waste. In 2024, the total volume of physical hazardous wastes was 10,030 kg.

For non-hazardous waste, the cement plant classifies the wastes systematically and arranges the wastes in kinds. A service provider has been appointed to collect the wastes. In 2024, the total volume of physical non-hazardous wastes was 50,400 kg.

In regards to the hotel operation:– the hotel does not generate hazardous waste during its business operation and has operated in an environmentally responsible manner in line with the applicable environment protection laws and regulations whenever practicable.

During the reporting year, the hotel was not charged any penalty by EPD.

Environment (continued)

2. Use of Resources

2.1 Coal and Electricity

For the Group's cement plant, the cement production process consumes huge amount of energy. The energy consumptions are mainly coal and electricity. In 2024, the consumption of coal and electricity were 33,978 tons and 28,699,208 kwh respectively.

To reduce electricity consumption, the cement plant has conducted research on the "Waste Heat Recovery ("WHR") Power Systems". The cement plant appointed a Chinese consultancy company to perform a feasibility study on the WHR boiler steam turbine generator system target to be installed in the plant's existing cement production lines. The WHR system utilizes wasted heat currently emitted from the cement production lines. The WHR boilers will generate steam using the wasted heat exhausted from the cement plant, and the steam will be fed into the steam turbine generator to generate electricity. It can reduce power consumption from the national electricity grid which will lead to the reduction of fossil fuel combustion at the national electricity grid's connected power plants.

In 2018, the Group's cement plant has consulted with external contractors to explore the feasibility of incorporating a WHR system to our existing plant, although no formal contract has been entered into. Nevertheless, it has been concluded that for the WHR system to be operated effectively, the operating capacity of certain equipment at the production line D needs to be upgraded. The Group's cement plant then commissioned an external contractor to re-design the preheater and precalciner of workshop D, and to improve the automated process controls. The specifications of the newly-designed equipment were finalised by the plant's engineers and the contractor in 2019. In September 2019, the cement plant signed a contract of installation and modification for D production line with MIS Industrial Services Joint Stock Company at Vietnam. Chinese experts cannot return to Vietnam, so the upgrading has been done by Vietnamese workers since November 2020 and has completed 90% of the work and put into trials runing by the end of 2020.

In Apr, 2021. The company has completed the installation of the intelligent system and is currently testing and adjusting it.

In regards to the investment property operation:– the Group aims to improve efficiency in the consumption of electricity for its Saigon Trade Center and other leasing properties in Vietnam, Hong Kong and China. The lightings in all public areas have gradually been replaced by energy efficient alternatives with longer life spans, such as LED light bulbs. Energy-saving protocols have also been implemented, such as the timely switch-off of air-conditioning system of the premises.

2.2 Water

Water is mainly for machine cooling purpose for the cement plant. In 2024, the cement plant consumed a total a volume of around 118,041 m^3 water. Underground water and raining water are the main water source of the cement plant. There was no difficulty in sourcing water during 2024.

Environment (continued)

2. Use of Resources (continued)

2.3 Packing Material

Cement bag is the major packing material in our cement plant. One cement bag contains 50 kg of cement. In 2024, the cement plant consumed 4,831,874 pieces of cement bag.

3. The Environment and Natural Resources

The procurement of local raw materials forms the basis of the manufacture of cement. The raw materials needed to produce cement (calcium carbonate, silica, alumina and iron ore) are generally extracted from limestone rock, chalk, clayey schist or clay.

The Vietnam Government imposes fees and charges for the use of raw materials. During 2024, the cement plant has paid timely on all charges and fees in accordance with respective decisions issued by Vietnam Government such as mine restoration fund (2463/QD-BTNMT; dated 23/12/2010), mining right charge (3027/QD-BTNMT; dated 25/12/2014), environmental and natural resources tax (44/2017/TT-BTC dated: 12/05/2017).

Regarding the limestone mine exploitation, the respective Government department assists and instructs the cement plant on how to minimize implications from the mine exploitation. At the end of each year, the cement plant is obliged to provide the mine's geographic map to the local Environment department office for record and review. During the year, the cement plant has rented certain land from the local Government for the planting of trees and vegetation as one of the company's policies to improve the environment.

In regards to the hotel operation:– the hotel aims at rationalizing the use of water, electricity, gas, glass bottle, plastic bottle and paper, reducing the volume of wastes and improving waste management. The consumption of energy and resources of the hotel in 2024 were as follows:

Towngas: A total of 3,137,232 MJ of Towngas was used. The hotel is trying the best effort on gas saving by adjusting temperature of the boiler under the weather reporting.

Electricity: A total of 3,380,246 kWh of electricity was used. 99% of bulbs in hotel are being used by LED light. Refer to the Air-conditioner, the hotel is using water cool chiller system in which is environmentally friendly and has greater energy efficiency, better controllability, and longer life. The office equipment (computer and copier) and the light in hotel back office will be turned off after office hour. On the other hand, the electricity in the guest rooms will be turned off if there are no in-house guests. According to the above energy saving procedure, hotel management keep thinking more energy saving procedure in coming year.

Water: the hotel consumed in total of 38,086 cu.m. in 2024. The management is considering to introduce a measure for the guests to change linen and towel by request if guests stay more than one night.

Environment (continued)

3. The Environment and Natural Resources (continued)

Paper: to reduce paper consumption, the hotel encourages the employee to use recycled paper for printing and copying, double-sided printing and copying.

Glass and Plastic Bottles: The hotel made the best effort to minimizing the impact on the environment by arranging recycling company to collect glass and plastic bottles for recycle. According to the hotel's records, 185kg of glasses and 692kg of plastic were collected by recycling company in 2024.

Solar Panel: total of 19,617 kWh of electricity was converted from the Sun energy and HK$98,085 was rebated from CLP Hong Kong Ltd at the end of 31st December 2024.

4. Addressing Climate Change

In the context of addressing climate change, it is crucial for organizations like the cement plant in Vietnam to adopt a comprehensive approach that aligns with the four core pillars of ESG reporting: Governance, Risk Management, Strategy, and Metrics/Targets. By incorporating these pillars into their sustainability initiatives, the cement plant can enhance transparency, accountability, and effectiveness in managing their environmental impact and contributing to global efforts to combat climate change, and the communities we serve.

Level	Specific Actions
Governance	– Our Group demonstrate strong leadership by ensuring board commitment to sustainability goals and initiatives. – Establishing an ESG working group composed of diverse stakeholders from various departments within the organization can facilitate collaboration and decision-making on environmental matters. – Involving relevant department heads, such as those from operations, procurement, and environmental health and safety, can help integrate sustainability considerations into their respective areas of responsibility and drive meaningful progress towards climate action goals.
Strategy	– The Group realised that addressing climate change involves both opportunities and risks. The Group has established a series of procedures to monitor risks and opportunities regularly. – When it comes to climate resilience, the financial impact are explained in the section headed "Climate Risks and Opportunities Assessment" in this report.

Environment (continued)

4. Addressing Climate Change (continued)

Level	Specific Actions
Risk Management	– In managing risks related to climate change, our Group follows the recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD). – Furthermore, having an internal ESG working group dedicated to regularly reviewing risk exposure is crucial for effective risk management. – For more specific details on the climate risks and opportunities assessment conducted by the ESG working group, please refer to the dedicated section within the organization's ESG reporting framework.
Indicators and Targets	– In tracking progress and driving accountability in sustainability efforts, the Group has established clear metrics and targets, with a focus on key areas such as greenhouse gas (GHG) emissions. – For detailed information on the organization's sustainability targets related to GHG emissions and other relevant metrics, please refer to the section headed "Sustainability Targets".

4.1 Climate Risks and Opportunities Assessment

The following Climate Risk and Opportunities Assessment table presents a comprehensive overview of the key environmental considerations facing the Cement Plant in Vietnam. By identifying specific climate risks, potential financial impacts, and corresponding measures, the table aims to guide the plant in proactively addressing climate-related challenges and leveraging opportunities for sustainable growth and resilience:

Climate Risk Category	Specific Climate Risk	Potential Financial Impact	Measures
Regulatory Changes	Vietnam aims to cut methane emissions by at least 30% by 2030 and achieve Net Zero by 2050.	Increased compliance costs and potential fines	Regular monitoring of regulatory updates, investment in cleaner technologies
Physical Risks	Extreme weather events leading to infrastructure damage	Disruption of production and increased maintenance costs	Implementing climate-resilient infrastructure, conducting risk assessments

Environment (continued)

4. Addressing Climate Change (continued)

4.1 Climate Risks and Opportunities Assessment (continued)

Climate Risk Category	Specific Climate Risk	Potential Financial Impact	Measures
Market Trends	Shift towards sustainable construction materials reducing demand for traditional cement	Decreased market share and revenue	Diversification of product offerings, investing in sustainable technologies
Supply Chain Risks	Disruption in the supply of raw materials due to climate-related events	Production delays and increased procurement costs	Diversification of suppliers, developing contingency plans

Social

1. Employment

As at 31 December 2024, the Group's cement plant had about 660 employees. The basic salary levels for all employees of the cement plant are above the minimum salary requirement in respective areas. All employees in Vietnam have participated in the social insurance, health insurance and unemployment insurance in accordance with the Vietnam Social and health insurance laws.

According to the Vietnam labour law (10/2012/QH13), trade unions have been established in the Group's cement plant in Hue and each of its subsidiaries. The management supports and works closely with the trade unions to exchange and manage labour issues of the local employees.

Besides, the cement plant has signed a collective labour agreement with each trade union in accordance with the Vietnam labour law (10/2012/QH13). The collective labour agreement is a written agreement between a labour collective and the employer in respect of working conditions that both parties have agreed upon through collective negotiation. The signed collective labor agreement has been registered with the provincial state management agency on labour and the Ministry of Labour, War Invalids and Social Affairs office in Hue and Ninh Thuan.

In regards to the investment property operation:– As at 31 December 2024, Saigon Trade Centre had about 23 employees. The base salary level for all employees is above the minimum salary requirement in respective areas. All employees have participated in the social insurance, health insurance and unemployment insurance in accordance with the Vietnam Social and health insurance laws.

Social (continued)

1. **Employment** (continued)

In regards to the hotel operation:– recognizing the importance of human capital in supporting our operations, the hotel has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competency that contribute to achieve the hotel's success. Various communication channels are also in place for the hotel and our colleagues to discuss, respond to and resolve issues of concern. In fact, the hotel firmly commits to gender equality and therefore particularly encourages female participation at managerial and operation levels.

The management believes that employees are important assets for the hotel and remains committed to attracting and retaining talent with diverse backgrounds for achieving sustainable growth. Staff turnover rate among managerial level was 19% and among supervisor and lower level staff was 50% till 31st December 2024, mainly was on operation level.

The hotel had 67 full-time employees as at 31st December 2024, comprising of 26 males and 41 females. For the office staff, the working hour is from 9 am to 6 pm for a five-day week from Monday to Friday. For the operation staff, their working hours are on shift basis, to be arranged by their respective department head.

The staff benefits include meal, medical, annual leave and other competitive fringe benefits.

2. **Health and Safety**

The Group has compiled with the Vietnam labour law and collective labour agreement on labour safety and hygiene. The Group's cement plant and Saigon Trade Center provides personal protective equipment (such as safety helmets, gloves, ear plugs, eye protection, high-visibility clothing) to the employees where working environment required.

Besides, the cement plant has its own safety team to monitor workplace safety, provide safety training and handle occupational accidents. Also, the cement plant has set up cleaning team in each company to maintain the workplace hygiene and cleaning. For labour health, the cement plant arranges medical check-up for all employees twice per annum. There is a regular medical examination every year.

Saigon Trade Center also arranges medical check-ups for all employees once per annum.

In regards to the hotel operation:– maintaining a safe, healthy and hygienic environment across the operation is the fundamental principle of the hotel, with its obligation extending not only to own employees but also to customers and anyone who legitimately enters our facilities. Adequate arrangements, training courses and guidelines are implemented for promoting occupational health and safety. An office memo on occupational health and safety is issued to each employee as they commence employment.

Social (continued)

2. Health and Safety (continued)

The hotel proactively identifies potential occupational hazards to reduce staff exposure to accidents. For instance, the restaurant's staff is required to wear anti-skid shoes and anti-cutting gloves to prevent injuries. According to the hotel's records, there was not any work-related fatality but 1 injury cases about left wrist accidental sprain were reported, with 316 days sick leave in the financial year ended 31st December 2024.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to providing a safe working environment & protecting employee from occupational hazards during the reporting period.

3. Development and Training

The Group recognizes the importance of having a skilled workforce to achieve strategic and operational plans and is committed to providing an environment that is conducive to effective performance and promotes training and development opportunities for all staff. The Group's cement plant provides equal opportunity for all staff to develop their knowledge, skills and abilities through a blend of learning methods including mentoring, coaching, on the job learning, courses, conferences and seminars. The training needs of staff will be identified by individual departments and be approved by the General Manager in line with best practice and legislative guidelines.

During the year, 660 employees in 17 functional teams have attended training sessions provided by the Group's cement plant. The trainings mainly cover the topics such as updated industrial safety practices and technical knowledge of the respective departments of the staff.

In regards to the hotel operation:– the hotel also recognized the importance of skilled and professional training to hotel's business growth and future success, as well as the learning and self-enrichment are the principal methods to equip employees with sustainable values. The hotel is responsible for providing opportunities for its employees for continuous improvement. Various training courses for different level and position of employees are regularly conducted and list below:

For instance, the training courses will be provided to the following employees:

- 23 Jan 2024 – Pentafun! Training – Orientation
- 20 Sep 2024 – Briefing of MPF Benefits (HSBC)
- 25 Oct 2024 – ICAC Integrity Training
- 13 Nov 2024 – Fire Evacuation Exercise

The average training hours of for each employee were about 10-12 hours during the reporting year.

Social (continued)

4. Labour Standards

For the cement operation, all employees of the Group are recruited through the Human Resources Department to ensure they fulfill the job requirements underlying their respective positions. The Group regularly reviews its employment practice and Group's guidelines on staff recruitment to ensure that it is in full compliance with the employment laws and other regulations related to, among other things, prevention of child labour and forced labour. According to the Vietnamese law, the employment of children under the age of 15 is prohibited. In 2024, the youngest employee working in the cement plant was aged 26.

According to the cement plant's human resources record, more than 90% of total employees have Year 9 or higher education background, while 50% of total employees have Year 12 or higher education background in Vietnam. The cement plant provides the ISO and work safety training to all staff after joining the company and also encourages each department to organize appropriate work-skill development training.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to prevention of child and forced labour.

5. Supply Chain Management

For the cement operation, according to the Group's purchasing policy and procedure, prior to the purchase of goods and services, sufficient justification must be presented to demonstrate the need for the goods and services to be procured. The approval from General Manager is required for any acquisition of goods and services.

Based on purchase requisition request(s) provided by user department, the purchasing department will seek for appropriate suppliers and perform quality and price comparison for the General Manager to review and approve. All goods received are required to be inspected by user department.

For production materials procurement, in general there are 2 to 3 qualified suppliers for supplying each type of production material. It can avoid the issue of excessive concentration on single supplier for production material supply. The Group's Quality Assurance Department is required to inspect the quality of each log of production material being received. For supplier selection, purchasing department will make recommendation to the General Manager and the consideration shall be based on pricing, good and service quality, reliability and market goodwill.

In regards to the hotel operation:– the hotel works closely with a number of suppliers in providing a range of hospitality goods, including guestroom consumables, tableware, furniture, and foods and beverages. Most of the hotel's procurements will undergo tender processes. The hotel implements a fair tender process to ensure adequate competition and adopts a series of assessment methods in relation to supplier management to ensure the quality of its supplied products and services. To enhance the hotel's procurement of environmentally responsible items, the management will keep reviewing alternative options to purchase products from organic and/or sustainably managed sources, environmentally superior products, as well as purchase from local or regional companies so as to reduce the environmental impact during the process of manufacturing and transportation.

6. Product Responsibility

The brand name of the Group's cement products, namely "KIM DINH" has been widely recognized in the local market, especially around the regions of the central Vietnam.

All our clinker and cement products have been awarded by QUACERT and QUATEST2 with the respective Vietnam product standard certificates.

Product	Product Standard	Original Certificate	Renewed until
Clinker	TCVN7024:2013	8th Nov 2024	7th Nov 2027
Portland Cement PCB30 and PCB40	TCVN6260:2020	8th Nov 2024	7th Nov 2027
Portland Cement PC40	TCVN2682:2020	8th Nov 2024	7th Nov 2027
Portland Cement Type I, II & V	ASTM C150/C150M-24	8th Nov 2024	7th Nov 2027
Portland Cement Cpc40	TCVN7024:2013	8th Nov 2024	7th Nov 2027
Portland Cement PCMSR50	TCVN6067:2018	8th Nov 2024	7th Nov 2027

Also, all our cement products are complied with Vietnam National standards on products, goods and construction materials (QCVN16:2017/BXD).

Furthermore, the Company has been awarded by QUACERT with the certificates of ISO 9001:2015, ISO 14001:2015 and OHSAS 45001:2018, demonstrating that our cement plant has already established a well-recognized management system.

Vietnam Certification Centre (QUACERT) is the National Certification Body of Vietnam established by the Ministry of Science and Technology as a subsidiary of the Directorate of Standards, Metrology and Quality (STAMEQ), to support the state management over standardization. QUACERT performs respective product review every 9 months. All product certificates are required to renew every 3 years.

In regards to the hotel operation: the F&B Department adheres to all relevant legislations, including but not limited to nutritional and food allergy labelling. The quality and hygiene of our cuisines are effectively managed under an extensive food safety manual. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, which have significant impact on the hotel.

Complaints were usually received about some insects at room and some noise disturbance from other rooms. Once the hotel staff received the cases, they would immediately solve the problem.

Data Privacy: The hotel will only collect personal data for operational needs and clearly inform all customers or persons about the information collected will be kept confidential, securely and accessible by designated personnel only. During the reporting year, there was no substantiated complaints received concerning breaches of customer privacy and losses of customer data.

Social (continued)

7. Anti-Corruption

The Group has developed an anti-corruption policy statement which is applied to all personnel of the Group (including direct and indirect subsidiaries and controlled affiliates, individually and collectively). All personnel are responsible for complying with this policy and all applicable anti-corruption laws in the performance of their duties for the Group.

In regards to the hotel operation:– the hotel does not tolerate any forms of corruption or malpractice such as bribery, money laundering, extortion and fraud. Professional conduct at the workplace is outlined in the employee handbook. During the reporting year, there was no reported case of corruption or bribery.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering during the reporting period.

8 Community Investment

In our unwavering commitment to community impact, we engage in diverse initiatives that reflect our values and priorities. Our comprehensive community investment efforts encompass promoting recycling, sustainability, social welfare, and cultural preservation in Hong Kong.

In 2024, we extended our support to Médecins Sans Frontières (MSF) for the first time, kickstarting our backing of their crucial humanitarian work. Through this initial donation, we proudly contribute to MSF's essential medical aid delivery to communities in crisis worldwide.

Building on our dedication to sustainability, we entered the second year of collaboration with esteemed organizations, GREEN@COMMUNITY (綠在區區) and Mil Mill. Together, we actively participate in recycling initiatives to reduce waste and foster a greener, more circular economy in Hong Kong.

Prepared for the waste surge during Lunar New Year festivities, we partnered once more with GREENERS ACTION (綠領行動) to address the issue of discarded red pockets. By collecting and recycling used red pockets from our stakeholders, we play a role in promoting a circular economy, especially during this joyous season.

Social (continued)

8 Community Investment (continued)

Additionally, our participation in the "iRun" marathon organized by Tung Wah Group of Hospitals showcases our dedication to promoting sports involvement among individuals with Intellectual Disabilities (ID) and fostering community inclusivity.

Lastly, our continued support for the EPILEPSY FOUNDATION highlights our commitment to raising awareness and fostering inclusivity for individuals impacted by epilepsy. This ongoing dedication underscores our mission to create a more understanding and supportive society for all affected by epilepsy.

As for our Vietnam's operations, the Group has developed Corporate Social Responsibility policy as our guideline for community investment and donation in Vietnam for its cement operation. The purpose of this policy is to establish a fair, consistent and transparent process by which requests for support for eligible charities will be managed.

HKEX Environmental, Social and Governance Reporting Guide – Content Index

Mandatory Disclosure Requirements	Description	Relevant Sections/Page
Governance Structure	A statement from the Board containing the following elements: – a disclosure of the board's oversight of ESG issues; – the board's ESG management approach and strategy; and – how the board reviews progress made against ESG related goals and targets.	Board Statement Governance Structure
Reporting Principles	A description or explanation of how to apply reporting principles into ESG report.	Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report, and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report
Materiality Assessment	A process to select and assess potential material issues. Evaluating the importance to company and stakeholders by producing Matrix presentation.	Materiality Assessment

ESG Aspects		Section/Page
A. Environment		
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 and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
KPI A1.1	The types of emissions and respective emissions data.	Environment-Emission
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).	Environment-Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Physical Waste

ESG Aspects		Section/Page
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Physical Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Sustainability Targets
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.	Sustainability Targets & Environment – Physical Waste
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
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
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
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
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
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
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
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.	Climate Change Management
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.	Climate Change Management

ESG Aspects		Section/Page
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
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
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
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
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development Training

ESG Aspects		Section/Page
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 Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standard
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
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
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
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
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
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility

ESG Aspects		Section/Page
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anticorruption		
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
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
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Corporate Governance Practices

The Company is committed to attaining high standard of corporate governance practices with an emphasis on a quality Board, better transparency and effective accountability system. The Company has adopted the code provisions in the Corporate Governance Code (the"CG Code") contained in Part 2 of Appendix C1 (formerly Appendix 14) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Throughout the financial year ended 31 December 2024, the Company has complied with the code provisions set out in the CG Code, except for code provision B.2.2.

According to the code provision B.2.2, Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Mdm. CHENG Cheung ("Mdm. CHENG"), the Chairman of the Board is not subject to retirement by rotation. Since the Chairman is responsible for the formulation and implementation of the Company's strategies, which is essential to the stability of the Company's business and thus the Board considers that deviations from the code provision B.2.2 is acceptable.

The Board

The key responsibilities of the Board include, among other things, formulating the Group's overall strategies, setting management targets, regulating internal controls and financial management, and supervising the management's performance while the day-to-day operations and management are delegated by the Board to the senior management of the Company. The Board operates in accordance with established practices (including those relating to reporting and supervision), and is directly responsible for formulating the Company's corporate governance guidelines.

The Board currently comprises 8 directors, namely Mdm. CHENG (the Chairman), Mr. LUK Yan, Mr. LUK Fung, Mr. FAN Chiu Tat, Martin and Ms. LUK Sze Wan Monsie as executive directors, Mr. LAM Chi Kuen, Ms. PANG Siu Yin and Mr. WONG Hoi Wah as independent non-executive directors. Their biographical details are presented on pages 52 to 53 of this annual report.

The Company has not entered into service contracts with specific service terms with any of its executive directors. The terms of all independent non-executive directors are three years and renewable.

All directors, except the Chairman, are subject to retirement by rotation and re-election at annual general meetings of the Company at least every three years. The Company has received a confirmation of independence from each of the independent non-executive directors, namely Mr. LAM Chi Kuen, Ms. PANG Siu Yin and Mr. WONG Hoi Wah. The Group considers them to be independent.

The Board (continued)

Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by Directors at the Board's meetings. A Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates have a material interest.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management.

The Board convened seven meetings during the financial year ended 31 December 2024. All directors attended all board meetings.

Appointment, Re-election and Removal of Directors

The Board is responsible for the appointment and removal of Directors.

According to the Company's Bye-laws, at each annual general meeting, except the Chairman, one-third of the Directors shall retire from office by rotation. If the number of Board members is not a multiple of three, then the number nearest to but not greater than one-third shall retire by rotation. Retired Directors are eligible for re-election at each annual general meeting.

According to the Company's Bye-laws, any director in his first year of appointment is subject to re-election by shareholders at the forthcoming annual general meeting.

All independent non-executive directors are appointed for a specified term of three years and are renewable, and shall be subject to rotation and re-election at the annual general meeting at least every three years.

The Board (continued)

Induction and Continuous Professional Development

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organized by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

According to the records maintained by the Company, the following Directors received training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Revised Code on continuous professional development during the year ended 31 December 2024, by:–

(A) reading newspapers, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

(B) attending seminars and/or conference and/or forum

Mdm. CHENG, Ms. LUK Sze Wan Monsie, Ms. PANG Siu Yin and Mr. WONG Hoi Wah have attained (A) above, whereas, Mr. LUK Yan, Mr. LUK Fung, Mr. FAN Chiu Tat Martin, Mr. LAM Chi Kuen have attained both (A) and (B) above.

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the Code. During the year, no claim was made against the Directors and officers of the Company.

Chairman and Chief Executive Officer

The role of the Chairman is to lead and oversee the functioning of the Board and to ensure the establishment of a sound strategic direction of the Group. The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and supervising the day-to-day operations.

According to code provision C.2.1, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The role of Chairman of the Company has been performed by Mdm. CHENG, whereas the role of CEO has been jointly performed by Mr. LUK Yan, Mr. LUK Fung and Ms. LUK Sze Wan, Monsie.

Board Committees

The Board currently has three principal board committees, which are the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

The Company has set up an Audit Committee, comprised solely of all three independent non-executive directors, namely Mr. LAM Chi Kuen, Ms. PANG Siu Yin, and Mr. WONG Hoi Wah. Mr. LAM Chi Kuen serves as the chairman of the Audit Committee.

All members of the Audit Committee have many years of finance and business management experience and expertise.

The main responsibilities of the Audit Committee are to review the financial statements and the auditor's reports and monitor the integrity of the financial statements. Other responsibilities include the appointment of auditor, approval of the auditor's remuneration, discussion of audit procedures and any other matters arising from the above. The Audit Committee is also in charge with the overseeing the financial reporting system and internal control procedures and their effectiveness.

In 2024, the Audit Committee met three times and all members attended all meetings. During the year, the Audit Committee performed the works as summarized below:

i. reviewed and recommended 2023 final results, audit findings and draft final results announcement for the Board's approval;

ii. reviewed and considered various accounting issues and new accounting standards and their financial impacts;

iii. reviewed and discussed on the Management Discussion and Analysis, and different business segments' performances, contributions and prospects;

iv. reviewed and discussed the cashflow situation of the Group;

v. reviewed and recommended the Report on Internal Control for the Board's approval.

vi. discussed the final dividend;

vii. considered the audit fee for the Year 2024;

viii. reviewed and recommended 2024 interim results, audit findings, draft management discussion and analysis section of the interim report for the Board's approval;

ix. discussed the interim dividend;

Board Committees (continued)

Remuneration Committee

The Company has set up a Remuneration Committee, comprised of Mr. LAM Chi Kuen and Ms. PANG Siu Yin, being independent non-executive directors of the Company and Ms. LUK Sze Wan, Monsie, being an executive director of the Company. Ms. PANG Siu Yin serves as the chairman of the remuneration committee.

The primary responsibilities of the Remuneration Committee include, among other things, determining the remuneration packages of all executive directors and senior management, making recommendations to the Board on the remuneration of non-executive directors, reviewing and approving performance-based remuneration, ensuring that no director or any of his associates is involved in deciding his own remuneration, making recommendations to the board of directors on the Company's policy and structure for remuneration of employees, including salaries, incentive schemes and other stock plans.

In 2024, the Remuneration Committee met once. All members attended all meetings. During the year, the Remuneration Committee performed the works as summarized below:

i. reviewed remuneration packages of all senior management;

ii. reviewed and recommended the existing policy and structure for the Company's staff, including salary, share options scheme and other incentive scheme;

iii. reviewed the existing policy and structure for the remuneration of Directors;

iv. reviewed and recommended revision of the existing remuneration packages of the Executive Directors;

v. reviewed remuneration of the independent non-executive directors.

At present, remunerations of the senior management of the Company mainly consist of fixed monthly salary. Certain senior management is also awarded with a performance-linked annual bonus, which is tied to the attainment of key performance indicators targets. The remuneration of non-executive directors is determined with reference to the prevailing market conditions and workload of being non-executive directors and members of the board committees of the Company.

Board Committees (continued)

Nomination Committee

The Company has established a Nomination committee composed of Mr. WONG Hoi Wah and Ms. PANG Siu Yin, being independent non-executive directors and Mr. LUK Yan, being an executive director of the Company. Mr. WONG Hoi Wah serves as the chairman of the Nomination Committee.

The primary responsibilities of the Nomination Committee include, among other things, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board, selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors, making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and, reviewing the Committee's terms of reference and its own effectiveness and recommending to the Board from time to time any necessary changes.

Board Diversity Policy

The Company has adopted a written board diversity policy which sets out the approach to achieve and maintain diversity on the Board. The Board recognizes the benefits of a diverse Board with members possessing a balance of skills, experience, knowledge and expertise which complement the effectiveness and business success of the Group. Pursuant to the Company's board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge, expertise and length of service. All Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, having regard to the benefits of diversity of the Board.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board.

Director Nomination Policy

The Nomination Committee leads the process and makes recommendations for appointments to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in the light of the business development and requirements of the Company.

Board Committees (continued)

Director Nomination Policy (continued)

In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the criteria of nomination and appointment of the directors as sets out in the director nomination policy of the Company, which include but not limited to the character and integrity; skills and expertise; professional and educational backgrounds; potential time commitment for the board and/or committee responsibilities; and the elements of the board diversity policy of the Company etc. If the nomination process yields one or more desirable candidates, the Nomination Committee will rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The Nomination Committee will then make recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the bye-laws of the Company and the Listing Rules.

In case of re-appointments of members of the Board at general meetings of the Company, the Nomination Committee will review the overall contribution and service to the Company of the retiring Director and his/her level of participation and performance on the Board, as well as whether the retiring Director continues to meet the nomination and appointment criteria as set out in the director nomination policy of the Company, prior to making recommendations to the Board for its consideration and recommendations to the shareholders of the Company.

In 2024, the Nomination Committee met once. All members attended all meetings. During the year, the Nomination Committee reviewed the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board. The Nomination committee also reviewed the independency of all independent non-executive directors, and the re-appointment of directors.

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

i. to develop and review the Company's policies and practices on corporate governance;

ii. to review and monitor the training and continuous professional development of the Directors and senior officers of the Group;

iii. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv. to develop, review and monitor the codes of conduct applicable to employees and the Directors; and

v. to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the Year, the Board considered the following corporate governance matters:– including review of the compliance with the CG Code; and review of the effectiveness of the risk management and internal control systems of the Group through the Audit Committee.

Dividend Policy

The Company has adopted a written dividend policy setting out the principles for the Board to determine the appropriate amount of dividend to be distributed. The board may from time to time pay to the Company's shareholders the interim dividends, as well as the final dividends which is however subject to shareholders' approval in the Annual General Meeting. In deciding whether to declare dividends and in determining the dividend amount, the board shall take into consideration the performance, financial position, liquidity, implementation of business plans, debt service requirements, operating expenses, budgets, funding for new investments and acquisitions, appropriate reserves and working capital, among others, of the Company and its subsidiaries, as well as the general business and economic conditions. The payment of dividends by the Company is also subject to the restrictions and conditions under the laws of Bermuda, the bye-laws of the Company and other applicable laws and regulations the Company is subject to from time to time.

The Board may from time to time review and amend the dividend policy as it deems fit and necessary.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code. All Directors have confirmed, following specific enquiry that they have complied with the Model Code throughout the year ended 31 December 2024. Formal notifications were sent by the Company to all Directors reminding them not to deal with the securities of the Company during the "black out period" as specified in the Model Code.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibility, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis. The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of price sensitive information, announcements and financial disclosures and authorizes their publication as and when required.

Auditor's Remuneration

Messrs. Ernst & Young has been re-appointed as the Company's auditor at the annual general meeting of 2024 until the conclusion of the next annual general meeting.

For the year ended 31 December 2024, amounts of HK$2,316,000 and HK$357,000 were paid to Ernst & Young for their audit services and non-audit services respectively.

The statement of the Company's auditor, Messrs. Ernst & Young, regarding their reporting responsibilities is set out in the Independent Auditor's Report on pages 58 to 64.

Internal Control

The Board recognizes its responsibility for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests.

Internal control, including a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorized use, and maintain proper accounting records for the provision of reliable financial information for internal use or for publication. The system is set up to provide reasonable, but not absolute, assurance against material mis-statement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Management maintains and monitors the system of controls on an ongoing basis.

During 2024, based on the evaluations made by management, the Audit Committee was satisfied that nothing has come to its attention to cause the Audit Committee to believe that the system of internal control is inadequate, and there is an ongoing process to identify, evaluate and manage significant risks faced by the Group.

Shareholders' Rights

The Board and management shall ensure Shareholders' rights and all Shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any Shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, Shareholders holding not less than one-twentieth of the total voting rights or not less than 100 Shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting. Any vote of Shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the websites of the Company and The Stock Exchange of Hong Kong Limited ("SEHK") on the day of the general meeting. The memorandum of association of the Company and Bye-laws are available on the websites of the Company and SEHK. Detailed procedures for the Shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

Corporate Governance Practices

Communication with Shareholders

The Board has established various channels of communication, with the objective of enabling the Shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its Shareholders' meeting as an important means of communication with the Shareholders in which the Shareholders will be able to have an open dialogue with the Board. Board members, in particular, the Chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. The Company's auditor also attends the Company's annual general meetings and addresses queries from the Shareholders relating to the conduct of the audit and the preparation and content of its auditor's reports.

Apart from holding Shareholders' meeting, the Company also endeavours to maintain effective communication with all Shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the websites of the Company and the SEHK. Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

Investor Relations

The Company pursues a proactive policy of promoting investor relations and communications with the Shareholders. To this end, the Company maintains an open dialogue with the Shareholders and investors through the Company's financial reports, press releases, road shows, investors' meetings and general meetings that may be convened, as well as making available all the disclosures submitted to SEHK to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2024.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and Dividends

The Group's profit for the year ended 31 December 2024 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 65 to 153.

An interim dividend of HK2 cents per ordinary share was paid on 10 October 2024. The directors recommend the payment of a final dividend of HK2 cents per ordinary share in respect of the year to shareholders on the register of members on 5 June 2025.

Summary Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 156. This summary does not form part of the audited financial statements.

Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements respectively. Further details of the Group's investment properties are set out on page 154.

Share Capital

Details of movements in the Company's share capital during the year are set out in notes 26 to the financial statements.

Pre-Emptive Rights

There are no provisions 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.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year, the Company purchased certain of its shares on the Hong Kong Stock Exchange and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Trading Day (day/month/year)	No. of Shares Repurchased	Price per Share Highest Price Paid (HK$)	Price per Share Lowest Price Paid (HK$)	Total Consideration Paid (HK$)
10/9/2024	32,000	0.82	0.78	25,800
11/9/2024	32,000	0.82	0.82	26,240
12/9/2024	40,000	0.82	0.82	32,800
Total	104,000			84,840

The purchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof. As at 31 December 2024, the total number of shares of the Company in issue was 502,453,418 shares.

The purchase of the Company's shares during the year was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

At 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to approximately HK$565,943,000 of which HK$10,049,000 has been proposed as a final dividend for the year.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 34% of the total sales for the year and sales to the largest customer included therein amounted to approximately 13%. Purchases from the Group's five largest suppliers accounted for approximately 32% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 11%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

Directors

The directors of the Company during the year were:

Executive directors:

Cheng Cheung
Luk Yan
Fan Chiu Tat, Martin
Luk Fung
Luk Sze Wan, Monsie

Independent non-executive directors:

Lam Chi Kuen
Pang Siu Yin
Wong Hoi Wah

The Company has received annual confirmations of independence from Messrs. Lam Chi Kuen, Pang Siu Yin and Wong Hoi Wah and as at the date of this report still considers them to be independent.

Directors' and Senior Management's Biographies

Madam Cheng Cheung, aged 84, is Chairman of the Company. Madam Cheng has been with the Group for over 47 years. She is mainly responsible for the overall strategic planning of the Group. She also holds directorship in various subsidiaries of the Group. Madam Cheng is the mother of Mr. Luk Yan, Mr. Luk Fung and Ms. Luk Sze Wan, Monsie, who are all Executive Directors and Co-Chief Executive Officer ("Co-CEO") of the Company.

Mr. Luk Yan, aged 60, is an Executive Director and Co-CEO of the Company, and a member of the Company's Nomination Committee. He is the General Manager of Luks Land (Vietnam) Limited, a wholly-owned subsidiary of the Group and is responsible for the Group's property investment and management in Vietnam. He has been with the Group for 35 years. Mr. Luk also holds directorship in various subsidiaries of the Group. He is a son of Madam Cheng Cheung, an elder brother of Mr. Luk Fung and Ms. Luk Sze Wan, Monsie, who are all Executive Directors of the Company.

Mr. Fan Chiu Tat, Martin, aged 58, is an Executive Director and the Company Secretary of the Company. He graduated from The University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is also the Financial Controller of the Company. He has been with the Group for 35 years. He also holds directorship in various subsidiaries of the Group. He currently serves as an Independent Non-Executive Director of Hong Kong Johnson Holdings Company Limited (a company listed on the Stock Exchange, stock code: 01955).

Mr. Luk Fung, aged 56, is an Executive Director and Co-CEO of the Company. He is a holder of a MBA degree from The Chinese University of Hong Kong. He has years of experience in the financial services industry prior to joining the Group. He is the General Manager of Luks Cement (Vietnam) Limited, a wholly-owned subsidiary of the Group and is responsible for the development of the cement business of the Group. He has been with the Group for 25 years. Mr. Luk also holds directorship in various subsidiaries of the Group. He is a son of Madam Cheng Cheung, a younger brother of Mr. Luk Yan and an elder brother of Ms. Luk Sze Wan, Monsie, who are all Executive Directors of the Company.

Ms. Luk Sze Wan, Monsie, aged 48, is an Executive Director and Co-CEO of the Company, and a member of the Company's Remuneration Committee. Ms. Luk holds a Bachelor of Arts Degree from The University of Hong Kong. She has been working for the Group for over 18 years. She has been holding the position of the Investor Relations Director, being responsible for investor relations of the Group. Ms. Luk is also in charge of the hotel development project of the Group. She also holds directorship in various subsidiaries of the Group. She is the daughter of Madam Cheng Cheung and the younger sister of Mr. Luk Yan and Mr. Luk Fung, who are all Executive Directors of the Company.

Mr. Lam Chi Kuen, aged 71, is an Independent Non-Executive Director and the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Lam has years of experience in auditing, finance and accounting fields. He currently serves as an Independent Non-Executive Director of China Cinda Asset Management Company Limited (a company listed on the Stock Exchange, stock code: 01359), and China Life Insurance Company Limited (a company listed on the Stock Exchange, stock code: 02628). He was formerly a senior adviser and partner of Ernst & Young. He was awarded with a Higher Diploma in Accounting from the Hong Kong Polytechnic College (now the Hong Kong Polytechnic University). He is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Directors' and Senior Management's Biographies (continued)

Ms. Pang Siu Yin, aged 64, is an Independent Non-Executive Director, a member of the Audit Committee, the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Ms. Pang is a holder of a Master Degree of Laws from The Victoria University of Manchester. Ms. Pang was previously a practicing solicitor in Hong Kong and had been a partner of Messrs. Cheung Tong & Rosa Solicitors for almost 20 years, with a corporate commercial emphasis (involving advising on corporate finance, governance and compliance of Hong Kong listed companies). She had acted as company secretary for a few Hong Kong listed companies for a number of years.

Mr. Wong Hoi Wah, aged 81, is an Independent Non-Executive Director, a member of the Audit Committee, a member of the Remuneration Committee and the Chairman of the Nomination Committee of the Company. He is currently a consultant of Shenzhen TCL New Technology Co., Ltd., a subsidiary of TCL Technology Group. TCL Technology Group is one of the major TV and consumer electronics manufacturers in China. Mr. Wong has over 51 years of experience in electronic engineering, having served as chief engineer of TCL Multimedia Electronics Co., Ltd. before being appointed as a consultant of Shenzhen TCL New Technology Co., Ltd.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year.

The Company has taken out and maintained Directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group.

Directors' Service Contracts

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

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings. The Directors' remuneration is determined by the Remuneration Committee of the Company. Particulars of the Director's remuneration are set out in note 8 to the financial statements.

Directors' Interests in Contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Directors' Interest in Competing Business

As at 31 December 2024, none of the Directors or the substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

At 31 December 2024, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company or 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest					
Name of director	Notes	**Directly Beneficially owned**	**Family interest held by spouse**	**Through controlled corporation**	**Through Trustee of a Trust**	**Total**	**Percentage of the Company's issued share capital**
Cheng Cheung	(a)	21,288,800	–	36,912,027	–	58,200,827	11.58
Luk Yan	(b)	3,070,800	174,000	–	272,824,862	276,069,662	54.94
Luk Fung	(b)	3,229,600	–	–	272,824,862	276,054,462	54.94
Luk Sze Wan, Monsie	(b)	1,300,000	–	–	272,824,862	274,124,862	54.56
Fan Chiu Tat, Martin		1,500,000	–	–	–	1,500,000	0.30

Notes:

(a) Madam Cheng Cheung had a beneficial interest in CC (Holdings) Limited, which held 36,912,027 shares of the Company at the end of the reporting period.

(b) The interests disclosed by Mr. Luk Yan, Mr. Luk Fung and Ms. Luk Sze Wan, Monsie under the heading "Through Trustee of a Trust" in the above table refer to the same shares held by Luks Family (PTC) Limited, as trustee of The Luks Family Trust. Each of Mr. Luk Yan, Mr. Luk Ngai, Mr. Luk Fung and Ms. Luk Sze Wan, Monsie was the beneficiary of The Luks Family Trust. The shareholdings of Mr. Luk Ngai and Luks Family (PTC) Limited were disclosed in the below section referring to Substantial Shareholders' interests in shares.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares (continued)

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 December 2024, none of the directors or chief executive had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares

At no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share Option Schemes

At the AGM of the Company held on 29 May 2018, the shareholders of the Company approved the adoption of share option scheme. Unless otherwise terminated or amended, the share option scheme will remain in force for ten years from the date of adoption.

From the adoption date to 31 December 2024, no share options were granted under the share option scheme. Particulars are disclosed in note 27 to the financial statements.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

At 31 December 2024, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
CC (Holdings) Limited	Directly beneficially owned	36,912,027	7.35
Kopernik Global Investors LLC	Directly beneficially owned	25,274,866	5.03
Luks Family (PTC) Limited	Directly beneficially owned	272,824,862	54.30
Luk Ngai (Note)	Directly beneficially owned and through Trustee of a Trust	276,214,862	54.97

Note: Mr. Luk Ngai's interests included a personal interest of 3,390,000 shares of the Company and as one of the beneficiaries together with Mr. Luk Yan, Mr. Luk Fung and Ms. Luk Sze Wan, Monsie of the 272,824,862 shares of the Company held by Luks Family (PTC) Limited (being trustee of The Luks Family Trust).

Save as disclosed above, as at 31 December 2024, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Annual General Meeting

The Annual General Meeting of the Company will be held at 1/F, Pentahotel Hong Kong, Tuen Mun, 6 Tsun Wen Road, Tuen Mun, New Territories, Hong Kong at 3:00 pm on Wednesday 28 May 2025.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Cheng Cheung
Chairman
Hong Kong

19 March 2025

Independent auditor's report

To the shareholders of Luks Group (Vietnam Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Luks Group (Vietnam Holdings) Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 153, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

To the shareholders of Luks Group (Vietnam Holdings) Company Limited

(Incorporated in Bermuda with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Estimation of fair value of investment properties	
The Group holds a portfolio of investment properties situated in Vietnam, Hong Kong and Mainland China for rental earning purpose. Such investment properties are measured at fair value at the end of each reporting period and the aggregate carrying amount of these investment properties was HK$1,135 million as at 31 December 2024. Significant estimation is required to determine the fair values of investment properties, which reflect market conditions at the end of the reporting period. Management engaged external valuers to perform valuations on these investment properties at the end of the reporting period and, where applicable, in the absence of current prices in an active market for similar properties, the external valuers considered information from a variety of sources such as estimated rental value of the relevant properties and made assumptions about discount rates and term yields. Disclosures in relation to the estimation of fair values of investment properties are included in notes 3 and 14 to the consolidated financial statements.	Our audit procedures to assess the valuations of investment properties included the following: • obtaining and reviewing the valuation reports prepared by the external valuers engaged by the Group; • assessing the external valuers' qualifications, experience and expertise and considering their objectivity and independence; • involving our internal valuation specialists to assist us to assess the valuation methodologies applied and evaluate the key assumptions and estimates adopted in the valuations, including performing benchmarking on the value of the investment properties to other comparable properties; • comparing the property-related inputs used in the valuations with underlying documentation, such as lease agreements; and • assessing the adequacy of the disclosures on the valuations of the investment properties.

To the shareholders of Luks Group (Vietnam Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the hotel operation	
The Group has a hotel operation in Hong Kong (the "Hotel Operation"), of which the segment assets mainly consist of a hotel property with a net carrying amount of HK$438 million (including the related leasehold land and owned property, plant and equipment) as at 31 December 2024. At the end of the reporting period, there was an indicator of impairment for the hotel operation cash-generating unit (the "Hotel Operation CGU") due to the continuous losses recorded by the Hotel Operation. Management performed an impairment assessment of the Hotel Operation CGU and determined its recoverable amount based on the fair value less costs of disposal. During the year, impairment losses of HK$8 million was made against the Hotel Operation CGU. Management engaged an external valuer to perform the fair value estimation of the Hotel Operation CGU. The impairment assessment of the Hotel Operation CGU is significant to our audit due to (i) the materiality of the net carrying amount of the Hotel Operation CGU; and (ii) that the determination of the fair value less costs of disposal of the Hotel Operation CGU is dependent on a range of estimates such as estimated occupancy rates, estimated future cash flows and discount rate. Disclosures in relation to the impairment assessment of the Hotel Operation CGU are included in notes 3 and 13 to the consolidated financial statements.	Our audit procedures to evaluate the recoverable amount of the Hotel Operation CGU included the following: • obtaining and reviewing the valuation report prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us to assess the valuation methodology applied and the key estimates and assumptions adopted in the valuation; and • evaluating the estimated costs of disposal prepared by management.

To the shareholders of Luks Group (Vietnam Holdings) Company Limited

(Incorporated in Bermuda with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the cement operation	
The Group has a cement operation in Vietnam (the "Cement Operation"), of which the segment assets mainly consist of cement plants with a net carrying amount of HK$128 million (including the related leasehold land and owned property, plant and equipment) as at 31 December 2024. At the end of the reporting period, there was an indicator of impairment for the cement operation cash-generating unit (the "Cement Operation CGU") due to the continuous losses recorded by the Cement Operation. Management performed an impairment assessment of the Cement Operation CGU and determined its recoverable amount based on the value-in-use calculation. During the year, impairment losses of HK$37 million was made against the Cement Operation CGU. Management engaged an external valuer to perform the impairment assessment on the Cement Operation CGU. The impairment assessment of the Cement Operation CGU is significant to our audit due to (i) the materiality of the net carrying amount of the Cement Operation CGU; and (ii) the determination of the value-in-use of the Cement Operation CGU is dependent on a range of estimates such as revenue growth rates, gross profit margins, estimated future cash flows and discount rate. Disclosures in relation to the impairment assessment of the Cement Operation are included in notes 3 and 13 to the consolidated financial statements.	Our audit procedures to evaluate the recoverable amount of the Cement Operation CGU included the following: • obtaining and reviewing the valuation report prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • enquiring of management in relation to the key assumptions applied in the cash flow projections, such as the revenue growth rates and gross profit margins, and comparing them to historical information and our understanding of the latest market information and conditions; and • involving our internal valuation specialists to assist us with the assessment of the methodologies and the discount rates used to determine the recoverable amount.

Independent auditor's report

To the shareholders of Luks Group (Vietnam Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

To the shareholders of Luks Group (Vietnam Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

To the shareholders of Luks Group (Vietnam Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 consolidated 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.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 Mr. CHUNG Ho Ling.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

19 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	5	**372,746**	427,308
Cost of sales		**(228,111)**	(290,105)
Gross profit		**144,635**	137,203
Other income and gains	5	**23,083**	24,760
Fair value gains on investment properties, net	14	**6,719**	2,176
Selling and distribution expenses		**(3,001)**	(3,305)
Administrative expenses		**(63,928)**	(69,812)
Other expenses		**(59,759)**	(156,088)
Finance costs	7	**(2,039)**	(4,090)
PROFIT/(LOSS) BEFORE TAX	6	**45,710**	(69,156)
Income tax expense	10	**(27,106)**	(29,494)
PROFIT/(LOSS) FOR THE YEAR		**18,604**	(98,650)
Attributable to:			
Owners of the parent		**19,144**	(98,241)
Non-controlling interests		**(540)**	(409)
		18,604	(98,650)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted		**HK3.8 cents**	HK(19.5) cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**18,604**	(98,650)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(61,539)**	(33,816)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(61,539)**	(33,816)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(42,935)**	(132,466)
Attributable to:		
Owners of the parent	**(42,897)**	(131,904)
Non-controlling interests	**(38)**	(562)
	(42,935)	(132,466)

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**682,048**	761,665
Investment properties	14	**1,135,157**	1,175,219
Properties for development	16	**181,880**	194,055
Prepayments, other receivables and other assets	19	**21,027**	21,051
Total non-current assets		**2,020,112**	2,151,990
CURRENT ASSETS			
Inventories	17	**38,566**	64,485
Trade receivables	18	**25,974**	29,076
Prepayments, other receivables and other assets	19	**7,059**	8,789
Financial assets at fair value through profit or loss	20	**5,175**	5,224
Cash and bank balances	21	**549,179**	465,369
Total current assets		**625,953**	572,943
CURRENT LIABILITIES			
Trade payables	22	**8,182**	11,929
Other payables and accruals	23	**84,121**	89,640
Tax payable		**24,318**	24,866
Total current liabilities		**116,621**	126,435
NET CURRENT ASSETS		**509,332**	446,508
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,529,444**	2,598,498

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,529,444**	2,598,498
NON-CURRENT LIABILITIES			
Other payables	23	**46,374**	43,160
Provisions	24	**2,276**	3,066
Deferred tax liabilities	25	**186,807**	195,163
Total non-current liabilities		**235,457**	241,389
Net assets		**2,293,987**	2,357,109
EQUITY			
Equity attributable to owners of the parent			
Issued capital	26	**5,025**	5,026
Reserves	28	**2,311,888**	2,374,971
		2,316,913	2,379,997
Non-controlling interests		**(22,926)**	(22,888)
Total equity		**2,293,987**	2,357,109

Cheng Cheung
Director

Luk Sze Wan, Monsie
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Notes	Attributable to owners of the parent										
		Issued capital HK$'000 (note 26)	Contributed surplus HK$'000 (note 28(b))	Statutory surplus reserve HK$'000 (note 28(c))	Capital redemption reserve HK$'000 (note 28(d))	Capital reserve HK$'000 (note 28(e))	Property revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023		5,026	848,117	–	730	(6,371)	24,173	(520,303)	2,180,633	2,532,005	(22,326)	2,509,679
Loss for the year		–	–	–	–	–	–	–	(98,241)	(98,241)	(409)	(98,650)
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(33,663)	–	(33,663)	(153)	(33,816)
Total comprehensive loss for the year		–	–	–	–	–	–	(33,663)	(98,241)	(131,904)	(562)	(132,466)
2022 final dividend	11	–	(10,052)	–	–	–	–	–	–	(10,052)	–	(10,052)
2023 interim dividend	11	–	(10,052)	–	–	–	–	–	–	(10,052)	–	(10,052)
Transfer to statutory surplus reserve		–	–	2,491	–	–	–	–	(2,491)	–	–	–
At 31 December 2023 and 1 January 2024		**5,026**	**828,013***	**2,491***	**730***	**(6,371)***	**24,173***	**(553,966)***	**2,079,901***	**2,379,997**	**(22,888)**	**2,357,109**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,144**	**19,144**	**(540)**	**18,604**
Other comprehensive income/(loss) for the year:												
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**–**	**(62,041)**	**–**	**(62,041)**	**502**	**(61,539)**
Total comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(62,041)**	**19,144**	**(42,897)**	**(38)**	**(42,935)**
Shares repurchased and cancelled	26	**(1)**	**–**	**–**	**1**	**–**	**–**	**–**	**(85)**	**(85)**	**–**	**(85)**
2023 final dividend	11	**–**	**(10,052)**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,052)**	**–**	**(10,052)**
2024 interim dividend	11	**–**	**(10,050)**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,050)**	**–**	**(10,050)**
Transfer to statutory surplus reserve		**–**	**–**	**744**	**–**	**–**	**–**	**–**	**(744)**	**–**	**–**	**–**
At 31 December 2024		**5,025**	**807,911***	**3,235***	**731***	**(6,371)***	**24,173***	**(616,007)***	**2,098,216***	**2,316,913**	**(22,926)**	**2,293,987**

* These reserve accounts comprise the consolidated reserves of HK$2,311,888,000 (2023: HK$2,374,971,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**45,710**	(69,156)
Adjustments for:			
Finance costs	7	**2,039**	4,090
Interest income	5	**(14,743)**	(16,556)
Dividend income from financial assets at fair value through profit or loss	5	**(346)**	(321)
Gain on disposal of property, plant and equipment	5	**(17)**	–
Fair value gains on investment properties, net	14	**(6,719)**	(2,176)
Depreciation of owned assets	6	**37,963**	52,555
Impairment of property, plant and equipment	6	**44,840**	139,211
Depreciation of right-of-use assets	6	**4,268**	3,929
Impairment of trade receivables, net	6	**2,526**	973
Fair value loss/(gain) on financial assets at fair value through profit or loss	6	**46**	(105)
Write-down of properties for development	6	**9,600**	11,700
Allowance for obsolete inventories	6	**722**	1,266
		125,889	125,410
Decrease in inventories		**21,817**	3,271
Decrease/(increase) in trade receivables		**(739)**	6,404
Decrease in prepayments, other receivables and other assets		**1,416**	1,362
Increase/(decrease) in trade payables		**(3,269)**	3,329
Increase/(decrease) in other payables and accruals		**(3,235)**	14,636
Decrease in provisions		**(778)**	(130)
Cash generated from operations		**141,101**	154,282
Interest paid		**(2,039)**	(4,090)
Hong Kong profits tax paid		**(35)**	(65)
Overseas taxes paid		**(25,362)**	(30,990)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**113,665**	119,137

	Notes	2024 HK$'000	2023 HK$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES		**113,665**	119,137
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**14,743**	16,556
Dividend received		**346**	321
Increase in time deposits with original maturity of over three months when acquired		**(96,569)**	(23,251)
Purchases of items of property, plant and equipment		**(13,988)**	(19,375)
Proceeds from disposal of items of property, plant and equipment		**17**	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(95,451)**	(25,749)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		**–**	(67,392)
Principal portion of lease payments	29	**(713)**	(674)
Dividends paid		**(20,102)**	(20,104)
Repurchase of shares	26	**(85)**	–
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(20,900)**	(88,170)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,686)**	5,218
Cash and cash equivalents at beginning of year		**272,922**	275,213
Effect of foreign exchange rate changes, net		**(10,073)**	(7,509)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**260,163**	272,922
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**77,432**	68,076
Non-pledged time deposits with original maturity of less than three months when acquired		**182,731**	204,846
Non-pledged time deposits with original maturity of over three months when acquired		**289,016**	192,447
Cash and bank balances as stated in the consolidated statement of financial position	21	**549,179**	465,369
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(289,016)**	(192,447)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**260,163**	272,922

1. Corporate and Group Information

Luks Group (Vietnam Holdings) Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The principal office of the Company is located at 5/F, Cheong Wah Factory Building, 39-41 Sheung Heung Road, Tokwawan, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- manufacture and sale of cement
- property investment and provision of property management and related services
- property development
- sale of electronic products
- hotel operation

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Luks Family (PTC) Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Luks Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	US$2	100	–	Investment holding
Luks Industrial Company Limited	Hong Kong	HK$168,048,482	–	100	Property investment, investment, investment holding and hotel operation

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Luks Industrial (Bao An) Company Limited*	People's Republic of China ("PRC")/ Mainland China	HK$39,000,000	–	100	Property investment
Luks Electrical Appliance Manufacturing Limited	Hong Kong	HK$300,000	–	100	Sale of electronic products
Luks Vietnam Company Limited	British Virgin Islands/ Hong Kong	US$3	100	–	Investment holding
Luks Timber (Vietnam) Limited	Vietnam	VND15,715,698,000	–	100	Manufacture and sale of plywood
Luks Cement Company Limited	British Virgin Islands/ Hong Kong	US$50,000	–	100	Investment holding
Luks Cement (Vietnam) Limited	Vietnam	VND751,329,773,000	–	100	Manufacture and sale of cement
Luks Land Company Limited	British Virgin Islands/ Hong Kong	US$100	–	100	Investment holding
Luks Land (Vietnam) Limited	Vietnam	VND193,639,051,000	–	100	Property investment and management

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Luks Land Development Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Luks Land Investments Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Thanh Phat Investment and Construction Company Limited	Vietnam	VND35,000,000,000	–	85	Property development
Luks Realty Development Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Luks New Property Solution Company Limited	Mongolia	US$100,000	–	80	Property development

* Registered as a wholly-foreign-owned enterprise under PRC law

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

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes In Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Leases Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2. Accounting Policies (continued)

2.2 Changes In Accounting Policies and Disclosures (continued)

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. Accounting Policies (continued)

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKAS 10 and HKFRS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. Accounting Policies (continued)

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. Accounting Policies (continued)

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. Accounting Policies (continued)

2.4 Material Accounting Policies

Fair value measurement

The Group measures its investment properties, equity investments and unlisted investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties for development and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Buildings	Over the lease terms
Leasehold improvements	15% – 20%
Plant and machinery	4% – 15%
Furniture, fixtures and office equipment	10% – 20%
Motor vehicles	7% – 25%

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

Right-of-use assets

Leasehold land	Over the lease terms
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Investment properties (continued)

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Properties for development

Properties for development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties for development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis as detailed in the Property, plant and equipment and depreciation policy above.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties for development, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties for development". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in other payables and accruals.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessor (continued)

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Impairment of financial assets (continued)

General approach *(continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – *Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs*

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and financial liabilities included in other payables and accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payable)

After initial recognition, traded and other payable are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Income tax (continued)

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers *(continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of cement and other products

Revenue from the sale of cement and other products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the cement and other products.

(b) Provision of property management and related services

Revenue from the provision of property management and related services is recognised over the scheduled period on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Provision of hotel and related services

Revenue from the provision of hotel services is recognised upon the provision of services and/or over the scheduled period.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Revenue recognition (continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfer control of the related goods or services to the customer).

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability only when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2. Accounting Policies (continued)

2.4 Material Accounting Policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in Mainland China, Vietnam and Hong Kong which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption made in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax (continued)

The presumption is rebutted only in the circumstances that there is sufficient evidence such as historical transactions, future development plans and management's intention to demonstrate that the investment property is held with the objective to consume substantially all of the economic benefits over time, rather than through sale. Continuous assessments on the presumption will be made by management at each reporting date.

Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or, in the absence of comparable market transactions, discounted cash flow projections based on estimates of future cash flows and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows of the asset, less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment assessments of the hotel operation and cement product operation cash generating units are given in note 13 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2024 was HK$1,135,157,000 (2023: HK$1,175,219,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the cement products segment represents the Group's manufacture and sale of cement products for use in the construction industry;

(b) the property investment segment represents the Group's investments in industrial, commercial and residential premises for their rental income potential and provision of property management and related services;

(c) the hotel operation segment represents the Group's hotel business;

(d) the property development segment represents the Group's development and sale of properties; and

(e) the corporate and others segment represents corporate income and expense items and the Group's sale of electronic products.

4. Operating Segment Information (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income is excluded from such measurement.

(a) Business segments

	Cement products		Property investment		Hotel operation		Property development		Corporate and others		Consolidated	
Year ended 31 December	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue (note 5)												
Sales to external customers	**154,190**	195,411	**145,982**	153,002	**61,798**	62,652	**–**	–	**10,776**	16,243	**372,746**	427,308
Other income and gains	**521**	4	**472**	597	**1**	8	**7,341**	7,592	**5**	3	**8,340**	8,204
Total segment revenue	**154,711**	195,415	**146,454**	153,599	**61,799**	62,660	**7,341**	7,592	**10,781**	16,246	**381,086**	435,512
Segment results	**(49,666)**	(166,132)	**119,846**	121,698	**(13,097)**	(5,662)	**(4,358)**	(6,270)	**(21,758)**	(29,346)	**30,967**	(85,712)
Reconciliation:												
Interest income											**14,743**	16,556
Profit/(loss) before tax											**45,710**	(69,156)
Income tax credit/(expense)	**3,370**	2,934	**(30,500)**	(32,390)	**–**	–	**–**	–	**24**	(38)	**(27,106)**	(29,494)
Profit/(loss) for the year											**18,604**	(98,650)

4. Operating Segment Information (continued)

(a) Business segments (continued)

Year ended 31 December	Cement products 2024 HK$'000	Cement products 2023 HK$'000	Property investment 2024 HK$'000	Property investment 2023 HK$'000	Hotel operation 2024 HK$'000	Hotel operation 2023 HK$'000	Property development 2024 HK$'000	Property development 2023 HK$'000	Corporate and others 2024 HK$'000	Corporate and others 2023 HK$'000	Consolidated 2024 HK$'000	Consolidated 2023 HK$'000
Segment assets	**287,608**	358,825	**1,346,989**	1,416,363	**541,179**	561,800	**183,799**	195,553	**286,490**	192,392	**2,646,065**	2,724,933
Total assets											**2,646,065**	2,724,933
Segment liabilities	**73,402**	74,872	**244,707**	255,844	**10,430**	9,179	**10,119**	10,225	**13,420**	17,704	**352,078**	367,824
Total liabilities											**352,078**	367,824
Other segment information												
Depreciation	**17,752**	31,917	**3,256**	3,686	**21,205**	20,861	**–**	–	**18**	20	**42,231**	56,484
Capital expenditure	**981**	727	**–**	23	**13,000**	18,618	**–**	–	**7**	7	**13,988**	19,375
Impairment of trade receivables, net	**2,507**	954	**–**	–	**19**	19	**–**	–	**–**	–	**2,526**	973
Fair value gains on investment properties, net	**–**	–	**(6,719)**	(2,176)	**–**	–	**–**	–	**–**	–	**(6,719)**	(2,176)
Fair value loss/(gain) on financial assets at fair value through profit or loss	**–**	–	**46**	(105)	**–**	–	**–**	–	**–**	–	**46**	(105)
Impairment of property, plant and equipment	**36,822**	139,211	**–**	–	**8,018**	–	**–**	–	**–**	–	**44,840**	139,211
Write-down of properties for development	**–**	–	**–**	–	**–**	–	**9,600**	11,700	**–**	–	**9,600**	11,700
Allowance for obsolete inventories	**722**	1,266	**–**	–	**–**	–	**–**	–	**–**	–	**722**	1,266

4. Operating Segment Information (continued)

(b) Geographical information

(i) Revenue from external customers

	2024 HK$'000	2023 HK$'000
Vietnam	**278,395**	327,390
Hong Kong	**81,634**	86,961
Mainland China	**12,717**	12,957
Total revenue	**372,746**	427,308

The revenue information above is based on the locations of the customers.

(ii) Non-current assets

	2024 HK$'000	2023 HK$'000
Vietnam	**1,076,982**	1,150,120
Hong Kong	**904,652**	962,248
Mainland China	**17,878**	19,022
Total non-current assets	**1,999,512**	2,131,390

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

4. Operating Segment Information (continued)

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2024 **HK$'000**	2023 HK$'000
Customer A	**50,193**	63,915
Customer B	**40,752**	47,556

The above revenue was derived from sales by the cement products segment to two customers.

5. Revenue, Other Income and Gains

An analysis of the Group's revenue is as follows:

	2024 **HK$'000**	2023 HK$'000
Revenue from contracts with customers		
Sale of cement	**154,190**	195,411
Sale of electronic products	**10,776**	16,243
Rendering of property management and related services	**31,565**	33,433
Rendering of hotel and related services	**61,798**	62,652
	258,329	307,739
Revenue from other sources		
Gross rental income from investment properties	**114,417**	119,569
Total revenue	**372,746**	427,308

5. Revenue, Other Income and Gains (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Cement products HK$'000	Property investment HK$'000	Hotel operation HK$'000	Corporate and others HK$'000	Total HK$'000
Types of goods or services					
Sale of cement	154,190	–	–	–	154,190
Sale of electronic products	–	–	–	10,776	10,776
Property management and related services	–	31,565	–	–	31,565
Hotel and related services	–	–	61,798	–	61,798
Total	154,190	31,565	61,798	10,776	258,329
Geographical markets					
Vietnam	154,190	31,565	–	–	185,755
Hong Kong	–	–	61,798	10,776	72,574
Total	154,190	31,565	61,798	10,776	258,329
Timing of revenue recognition					
Goods transferred at a point in time	154,190	–	2,664	10,776	167,630
Services transferred over time	–	31,565	59,134	–	90,699
Total	154,190	31,565	61,798	10,776	258,329

5. Revenue, Other Income and Gains (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Segments	Cement products HK$'000	Property investment HK$'000	Hotel operation HK$'000	Corporate and others HK$'000	Total HK$'000
Types of goods or services					
Sale of cement	195,411	–	–	–	195,411
Sale of electronic products	–	–	–	16,243	16,243
Property management and related services	–	33,433	–	–	33,433
Hotel and related services	–	–	62,652	–	62,652
Total	195,411	33,433	62,652	16,243	307,739
Geographical markets					
Vietnam	195,411	33,433	–	–	228,844
Hong Kong	–	–	62,652	16,243	78,895
Total	195,411	33,433	62,652	16,243	307,739
Timing of revenue recognition					
Goods transferred at a point in time	195,411	–	2,664	16,243	214,318
Services transferred over time	–	33,433	59,988	–	93,421
Total	195,411	33,433	62,652	16,243	307,739

5. Revenue, Other Income and Gains (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management and related services	**4,371**	2,890
Hotel and related services	**61**	22
Total	**4,432**	2,912

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of cement and other products

The performance obligation is satisfied upon delivery of the cement and other products and payment is generally due within 30 to 60 days from delivery, where the bank guarantee is normally required for the cement customers.

5. Revenue, Other Income and Gains (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

Property management and related services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Property management and related service contracts are for periods of varied years, or are billed based on the time incurred.

Hotel and related services

For hotel services, the performance obligation is satisfied over time as services are rendered and security deposits are normally required before rendering the services. Hotel services are billed based on the time incurred or with payment in advance when reservations of room are made. For hotel-related services, the performance obligation is satisfied upon delivery of food, beverages and/or services, and the services are billed based on the time as incurred.

Other income and gains

An analysis of the Group's other income and gains is as follows:

	2024	2023
	HK$'000	HK$'000
Interest income	**14,743**	16,556
Dividend income from financial assets at fair value through profit or loss	**346**	321
Fair value gain on financial assets at fair value through profit or loss	**–**	105
Rental income	**7,180**	7,538
Gain on disposal of items of property, plant and equipment	**17**	–
Others	**797**	240
Total other income and gains	**23,083**	24,760

6. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2024 HK$'000	2023 HK$'000
Cost of inventories sold (including allowance for obsolete inventories of HK$722,000 (2023: HK$1,266,000))		**155,590**	218,281
Cost of services rendered		**53,904**	55,295
Depreciation of owned assets**	13	**37,963**	52,555
Depreciation of right-of-use assets**	13	**4,268**	3,929
Auditor's remuneration		**2,316**	2,355
Employee benefit expense (excluding directors' remuneration (note 8))**:			
Wages and salaries		**54,795**	60,325
Pension scheme contributions***		**1,334**	1,032
Total		**56,129**	61,357
Foreign exchange differences, net*		**2,747**	4,204
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**18,617**	16,529
Fair value loss/(gain) on financial assets at fair value through profit or loss		**46***	(105)#
Impairment of property, plant and equipment*	13	**44,840**	139,211
Impairment of trade receivables, net*	18	**2,526**	973
Write-down of properties for development *	16	**9,600**	11,700

* These items are included in "other expenses" on the face of the consolidated statement of profit or loss.

** For the year ended 31 December 2024, depreciation and employee benefit expense of HK$66,008,000 (2023: HK$84,537,000) are included in "cost of sales" on the face of the consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\# This item is included in "other income and gains" on the face of the consolidated statement of profit or loss.

7. Finance Costs

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on bank loans	–	2,406
Interest on lease liabilities	2,039	1,684
Total	2,039	4,090

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK$'000	2023 HK$'000
Fees	872	699
Other emoluments:		
Salaries, allowances and benefits in kind	9,130	8,964
Pension scheme contributions	72	72
Subtotal	9,202	9,036
Total	10,074	9,735

8. Directors' Remuneration (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 **HK$'000**	2023 HK$'000
Lam Chi Kuen	**120**	42
Pang Siu Yin*	**120**	72
Wong Hoi Wah*	**120**	72
Total	**360**	186

* Appointed as an independent non-executive director with effect from 24 May 2023.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

(b) Executive directors

	Fees **HK$'000**	**Salaries, allowances and benefits in kind** **HK$'000**	**Discretionary bonuses** **HK$'000**	**Pension scheme contributions** **HK$'000**	**Total remuneration** **HK$'000**
2024					
Cheng Cheung	**100**	**1,690**	**–**	**–**	**1,790**
Luk Yan	**100**	**2,510**	**–**	**18**	**2,628**
Luk Fung	**112**	**2,148**	**–**	**18**	**2,278**
Fan Chiu Tat, Martin	**100**	**2,002**	**–**	**18**	**2,120**
Luk Sze Wan, Monsie	**100**	**780**	**–**	**18**	**898**
Total	**512**	**9,130**	**–**	**72**	**9,714**
2023					
Cheng Cheung	100	1,790	–	–	1,890
Luk Yan	100	2,233	–	18	2,351
Luk Fung	113	2,159	–	18	2,290
Fan Chiu Tat, Martin	100	2,002	–	18	2,120
Luk Sze Wan, Monsie	100	780	–	18	898
Total	513	8,964	–	72	9,549

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included five (2023: five) executive directors, details of whose remuneration are set out in note 8(b) above.

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on the profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

In accordance with the relevant tax rules and regulations in Vietnam, certain of the Group's subsidiaries in Vietnam enjoy income tax exemptions and reductions. At present, the income tax rates applicable to these subsidiaries are 15% and 20% (2023: 15% and 20%).

	Note	**2024** **HK$'000**	2023 HK$'000
Current – Hong Kong			
Charge for the year		**–**	40
Overprovision in prior years		**(24)**	–
Current – Elsewhere			
Charge for the year		**25,287**	28,806
Overprovision in prior years		**–**	(931)
Deferred	25	**1,843**	1,579
Total tax charge for the year		**27,106**	29,494

10. Income Tax (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024 **HK$'000**	2023 HK$'000
Profit/(loss) before tax	**45,710**	(69,156)
Tax at the statutory tax rates	**11,318**	(11,217)
Lower tax rates enacted by local authority	**727**	681
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**–**	1,106
Adjustments in respect of current tax of previous periods	**(24)**	(928)
Temporary difference not recognised	**252**	(1,254)
Income not subject to tax	**(481)**	(792)
Expenses not deductible for tax	**11,751**	36,946
Tax losses not recognised	**3,563**	4,955
Others	**–**	(3)
Tax charge at the Group's effective rate	**27,106**	29,494

For the year ended 31 December 2024, the weighted average applicable tax rate was 24.8% (2023: 16.2%). The change in the weighted average applicable tax rate was caused by changes in the profitability of the Group's subsidiaries in the respective jurisdictions.

11. Dividends

	2024 **HK$'000**	2023 HK$'000
Interim – HK2 cents (2023: HK2 cents) per ordinary share	**10,050**	10,052
Final proposed subsequent to the reporting period – HK2 cents (2023: HK2 cents) per ordinary share	**10,049**	10,052
	20,099	20,104

The final dividend proposed subsequent to the reporting period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. Earnings/(Loss) Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 502,525,899 (2023: 502,557,418) outstanding during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented as the Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

13. Property, Plant and Equipment

	Right-of-use assets			Owned assets							
	Leasehold land HK$'000	Motor vehicles HK$'000	Total HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000	Total HK$'000
31 December 2024											
At 1 January 2024:											
Cost	133,331	2,515	135,846	567,319	21,031	817,561	38,350	27,724	75,498	1,547,483	1,683,329
Accumulated depreciation and impairment	(28,355)	(2,131)	(30,486)	(144,803)	(16,745)	(670,873)	(33,358)	(25,399)	–	(891,178)	(921,664)
Net carrying amount	104,976	384	105,360	422,516	4,286	146,688	4,992	2,325	75,498	656,305	761,665
At 1 January 2024, net of accumulated depreciation and impairment	104,976	384	105,360	422,516	4,286	146,688	4,992	2,325	75,498	656,305	761,665
Additions	–	–	–	–	–	887	1,039	–	12,062	13,988	13,988
Additions arising from lease modification	8,035	–	8,035	–	–	–	–	–	–	–	8,035
Depreciation provided during the year	(4,025)	(243)	(4,268)	(17,593)	(2,514)	(15,960)	(1,577)	(319)	–	(37,963)	(42,231)
Impairment	(3,181)	–	(3,181)	(7,379)	–	(33,625)	(212)	(443)	–	(41,659)	(44,840)
Transfer	–	–	–	–	–	435	–	–	(435)	–	–
Exchange realignment	(1,712)	–	(1,712)	(141)	(1)	(8,375)	(34)	(90)	(4,216)	(12,857)	(14,569)
At 31 December 2024, net of accumulated depreciation and impairment	104,093	141	104,234	397,403	1,771	90,050	4,208	1,473	82,909	577,814	682,048
At 31 December 2024:											
Cost	139,125	2,515	141,640	566,797	21,031	877,702	39,024	25,298	82,909	1,612,761	1,754,401
Accumulated depreciation and impairment	(35,032)	(2,374)	(37,406)	(169,394)	(19,260)	(787,652)	(34,816)	(23,825)	–	(1,034,947)	(1,072,353)
Net carrying amount	104,093	141	104,234	397,403	1,771	90,050	4,208	1,473	82,909	577,814	682,048

13. Property, Plant and Equipment (continued)

	Right-of-use assets			Owned assets							
	Leasehold land HK$'000	Motor vehicles HK$'000	Total HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000	Total HK$'000
31 December 2023											
At 1 January 2023:											
Cost	135,076	2,515	137,591	567,601	21,031	820,703	36,399	28,273	60,741	1,534,748	1,672,339
Accumulated depreciation and impairment	(22,467)	(1,888)	(24,355)	(125,811)	(14,110)	(507,402)	(32,019)	(23,537)	–	(702,879)	(727,234)
Net carrying amount	112,609	627	113,236	441,790	6,921	313,301	4,380	4,736	60,741	831,869	945,105
At 1 January 2023, net of accumulated depreciation and impairment	112,609	627	113,236	441,790	6,921	313,301	4,380	4,736	60,741	831,869	945,105
Additions	–	–	–	–	–	–	2,484	105	16,786	19,375	19,375
Depreciation provided during the year	(3,686)	(243)	(3,929)	(17,482)	(2,635)	(30,185)	(1,299)	(954)	–	(52,555)	(56,484)
Impairment	(2,689)	–	(2,689)	(1,686)	–	(132,803)	(533)	(1,500)	–	(136,522)	(139,211)
Exchange realignment	(1,258)	–	(1,258)	(106)	–	(3,625)	(40)	(62)	(2,029)	(5,862)	(7,120)
At 31 December 2023, net of accumulated depreciation and impairment	104,976	384	105,360	422,516	4,286	146,688	4,992	2,325	75,498	656,305	761,665
At 31 December 2023:											
Cost	133,331	2,515	135,846	567,319	21,031	817,561	38,350	27,724	75,498	1,547,483	1,683,329
Accumulated depreciation and impairment	(28,355)	(2,131)	(30,486)	(144,803)	(16,745)	(670,873)	(33,358)	(25,399)	–	(891,178)	(921,664)
Net carrying amount	104,976	384	105,360	422,516	4,286	146,688	4,992	2,325	75,498	656,305	761,665

13. Property, Plant and Equipment (continued)

Included in cement products segment

As at 31 December 2024, the Group's management identified the continuous underperformance of the cement operation cash-generating unit, which belonged to the cement products segment, as an impairment indicator. The Group's management engaged Asset Appraisal Limited (2023: Asset Appraisal Limited), an independent professional qualified valuer, to assist in determining the recoverable amount of the cement operation cash-generating unit which included leasehold land and owned property, plant and equipment. The recoverable amount of the cement operation cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the Group's management. The average growth rate applied to the cash flow projection was 22.4% (2023: 15.8%). The pre-tax discount rate applied to the cash flow projection was 15.4% (2023: 15.8%). The growth rate used to extrapolate the cash flows of this cash-generating unit beyond the five-year period was 3.0% (2023: 3.0%). The cement operation cash-generating unit was impaired to its recoverable amount of HK$128,194,000 (2023: HK$185,380,000) as at 31 December 2024 and an impairment loss on property, plant and equipment of HK$36,822,000 was recognised during the year (2023: HK$139,211,000).

As at 31 December 2024, with all other variables held constant, if the discount rate used in the value-in-use calculation had been increased by 1% (2023: 1%) than the management estimates as at 31 December 2024, the recoverable amount would be further reduced by HK$6,997,000 (2023: HK$12,544,000) (i.e. additional impairment loss of HK$6,997,000 (2023: HK$12,544,000)).

Included in hotel operation segment

As at 31 December 2024, the Group's management identified the hotel property which continued to underperform and estimated the corresponding recoverable amounts of its property, plant and equipment. Based on these estimates, impairment loss of HK$8,018,000 (2023: Nil), was recognised to write down the aggregate carrying amounts of these items of property, plant and equipment to their recoverable amounts based on the fair value less costs of disposal of HK$438,445,000 as at 31 December 2024. The fair value of the hotel property was determined by applying the discounted cash flow method by APAC Appraisal and Consulting Limited, an independent professionally qualified valuer, for the year ended 31 December 2024, which took into account on a range of estimates such as estimated occupancy rates, estimated future cash flows and discount rates and other unobservable inputs, and accordingly the fair value measurement was categorised within Level 3 of the fair value hierarchy.

13. Property, Plant and Equipment (continued)

Included in hotel operation segment (continued)

Below is a summary of the valuation techniques used and the key input to the valuation of property, plant and equipment:

	Valuation technique	Significant unobservable input	Range 2024	2023
Hotel properties	Discounted cash flow method	Daily room rate	HK$570 to HK$664	HK$450 to HK$650
		Capitalisation rate	4.4%	3.0%
		Discount rate	6.8%	6.6%

A significant increase/(decrease) in the daily room rate in isolation would result in a significantly higher/(lower) fair value of the property, plant and equipment. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the property, plant and equipment.

14. Investment Properties

	HK$'000
Carrying amount at 1 January 2023	1,196,473
Net gain from a fair value adjustment	2,176
Exchange realignment	(23,430)
Carrying amount at 31 December 2023 and 1 January 2024	1,175,219
Net gain from a fair value adjustment	6,719
Exchange realignment	(46,781)
Carrying amount at 31 December 2024	1,135,157

For the years ended 31 December 2024 and 2023, the fair value measurements of all investment properties of the Group are categorised within Level 3 of the fair value hierarchy and details of their movements are disclosed above.

The investment properties situated in Hong Kong and Mainland China were revalued on 31 December 2024 based on valuations performed by APAC Appraisal and Consulting Limited (2023: APAC Appraisal and Consulting Limited) and the investment properties situated in Vietnam were revalued on 31 December 2024 based on valuations performed by Jones Lang Lasalle Vietnam Company Limited (2023: Jones Lang Lasalle Vietnam Company Limited).

14. Investment Properties (continued)

The investment properties are leased to third parties under operating leases, further details of which are set out in note 15 to the financial statements.

Further particulars of the Group's investment properties are set out on page 154.

Fair value hierarchy

The following table illustrates the fair value measurement of the Group's investment properties using:

	Fair value measurement using significant unobservable inputs (Level 3)	
	2024	2023
	HK$'000	HK$'000
Recurring fair value measurement for:		
Industrial properties – Hong Kong	**138,600**	150,100
Commercial properties – Hong Kong	**132,000**	137,000
Residential properties – Mainland China	**17,878**	19,022
Commercial properties – Vietnam	**846,679**	869,097
Total	**1,135,157**	1,175,219

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

14. Investment Properties (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Industrial properties HK$'000	Commercial properties HK$'000	Residential properties HK$'000
Carrying amount at 1 January 2023	158,900	1,017,540	20,033
Net gain/(loss) from a fair value adjustment	(8,800)	11,418	(442)
Exchange realignment	–	(22,861)	(569)
Carrying amount at 31 December 2023 and 1 January 2024	150,100	1,006,097	19,022
Net gain/(loss) from a fair value adjustment	(11,500)	18,761	(542)
Exchange realignment	–	(46,179)	(602)
Carrying amount at 31 December 2024	138,600	978,679	17,878

14. Investment Properties (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuations of investment properties categorised within Level 3 of the fair value hierarchy:

	Valuation techniques	Significant unobservable input(s)	Range or weighted average 2024	2023
Hong Kong – Industrial properties	Direct comparison method	Selling price (per square foot)	**HK$2,062 to HK$5,235**	HK$2,749 to HK$6,325
Hong Kong – Commercial properties	Income capitalisation method	Estimated rental value (per square foot and per month)	**HK$6,008**	HK$6,500
		Term yield	**3.3%**	2.3%
		Reversionary yield	**3.8%**	2.9%
Mainland China – Residential properties	Income capitalisation method	Estimated rental value (per square meter and per month)	**HK$31.7**	HK$30
		Term yield	**2.0%**	2.0%
		Reversionary yield	**2.5%**	2.5%
Vietnam – Commercial properties	Discounted cash flow method	Discount rate	**13.0%**	13.0%
		Estimated rental value (per square meter and per month)	**HK$328 to HK$351**	HK$312 to HK$351
Vietnam – Car parks	Discounted cash flow method	Discount rate	**13.0%**	13.0%
		Estimated rental value (per car park and per month)	**HK$187 to HK$1,404**	HK$187 to HK$1,406

14. Investment Properties (continued)

Fair value hierarchy (continued)

The valuations of the Group's investment properties in Hong Kong and Mainland China were based on the income capitalisation method by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties in order to arrive at the fair value and/or the direct comparison method, which was based on price information of comparable properties of similar size, character and location and carefully weighed against all the respective advantages and disadvantages of each of the comparable properties in order to arrive at the fair value.

The valuations of the Group's investment properties in Vietnam were based on the discounted cash flow method, which required periodic net cash flows to be forecasted over the life of the investment properties and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value in order to arrive at the fair value.

A significant increase/(decrease) in the price per square foot in isolation would result in a significant higher/(lower) fair value of the investment properties.

A significant increase/(decrease) in the estimated rental value per square meter or square foot per month in isolation would result in a significant higher/(lower) in the fair value of the investment properties. A significant increase/(decrease) in the reversionary yield/term yield in isolation would result in a significant lower/(higher) in the fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square meter or per car park space is accompanied by an opposite change in the discount rate or the reversionary yield or the term yield.

15. Leases

The Group as a lessee

The Group has lease contracts for various items of leasehold land and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the local government and certain on-going payments will be made under the terms of these land leases, subject to each of the relevant lease contracts. The lease term for the leasehold lands and motor vehicles are negotiated on an individual basis and contain a wide range of different terms and conditions.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 1 January 2023	**112,609**	**627**	**113,236**
Depreciation charge	**(3,686)**	**(243)**	**(3,929)**
Impairment	**(2,689)**	**–**	**(2,689)**
Exchange realignment	**(1,258)**	**–**	**(1,258)**
As at 31 December 2023 and 1 January 2024	**104,976**	**384**	**105,360**
Additions arising from lease modification	**8,035**	**–**	**8,035**
Depreciation charge	**(4,025)**	**(243)**	**(4,268)**
Impairment	**(3,181)**	**–**	**(3,181)**
Exchange realignment	**(1,712)**	**–**	**(1,712)**
As at 31 December 2024	**104,093**	**141**	**104,234**

15. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under other payables and accruals) and the movements during the year are as follows:

	2024 HK$'000	2023 HK$'000
Carrying amount as at 1 January	**17,154**	18,278
Additions arising from lease modification	**8,035**	–
Accretion of interest recognised during the year	**2,039**	1,684
Payments	**(2,752)**	(2,358)
Exchange realignment	**(1,035)**	(450)
Carrying amount at 31 December	**23,441**	17,154
Analysed into:		
Repayable:		
Within one year	**836**	603
In the second year	**851**	504
In the third to fifth year, inclusive	**21,754**	16,047
	23,441	17,154
Less: Non-current portion	**(22,605)**	(16,551)
Current portion	**836**	603

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

15. Leases (continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**2,039**	1,684
Depreciation charge of right-of-use assets	**4,268**	3,929
Impairment	**3,181**	2,689
Total amount recognised in profit or loss	**9,488**	8,302

(d) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of certain commercial properties, residential properties and industrial properties in Hong Kong, Vietnam and Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. As at 31 December 2024, security deposits received from tenants amounted to HK$41,878,000 (2023: HK$46,043,000). Rental income from investment properties recognised by the Group during the year was HK$114,417,000 (2023: HK$119,569,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**103,802**	112,781
After one year but within two years	**56,269**	60,925
After two years but within three years	**14,441**	26,874
After three years but within four years	**4,613**	5,265
After four years but within five years	**2,520**	646
Total	**181,645**	206,491

16. Properties for Development

	2024 HK$'000	2023 HK$'000
Situated in Vietnam	**20,180**	22,755
Situated in Hong Kong	**193,205**	193,205
	213,385	215,960
Impairment	**(31,505)**	(21,905)
	181,880	194,055

During the year ended 31 December 2024, a write-down of properties for development of HK$9,600,000 (2023: HK$11,700,000) was charged to profit or loss, which was related to properties for development situated in Hong Kong (2023: Hong Kong) with a carrying amount of HK$161,700,000 (2023: HK$171,300,000) as at 31 December 2024.

As at 31 December 2024, the land use right included in properties for development situated in Vietnam and Hong Kong amounted to HK$168,216,000 (2023: HK$180,391,000) with the remaining lease terms within 50 years.

Further particulars of the Group's properties for development are set out on page 155.

17. Inventories

	2024 HK$'000	2023 HK$'000
Raw materials	**11,888**	11,216
Consumables	**13,301**	15,601
Work in progress	**5,160**	21,240
Finished goods	**8,217**	16,428
Total	**38,566**	64,485

18. Trade Receivables

	2024 **HK$'000**	2023 HK$'000
Trade receivables	**30,502**	31,241
Impairment	**(4,528)**	(2,165)
Net carrying amount	**25,974**	29,076

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 30 to 60 days for its trade debtors. The Group seeks to maintain strict control over its outstanding receivables.

Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 **HK$'000**	2023 HK$'000
0 to 30 days	**13,705**	16,247
31 to 60 days	**2,245**	3,165
61 to 90 days	**1,910**	2,728
91 to 120 days	**1,160**	1,807
Over 120 days	**6,954**	5,129
Total	**25,974**	29,076

18. Trade Receivables (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	Note	2024 HK$'000	2023 HK$'000
At beginning of year		**2,165**	1,242
Impairment losses, net	6	**2,526**	973
Exchange realignment		**(163)**	(50)
At end of year		**4,528**	2,165

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by bank guarantees or security deposits). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

		Past due		
	Current	1 to 3 months	Over 3 months	Total
ECL rate	**0.80%**	**0%**	**35.25%**	**14.84%**
Gross carrying amount (HK$'000)	**13,816**	**4,156**	**12,530**	**30,502**
ECLs (HK$'000)	**111**	**–**	**4,417**	**4,528**

18. Trade Receivables (continued)

As at 31 December 2023

	Current	Past due 1 to 3 months	Past due Over 3 months	Total
ECL rate	0.56%	0%	23.01%	6.93%
Gross carrying amount (HK$'000)	16,339	5,893	9,009	31,241
ECLs (HK$'000)	92	–	2,073	2,165

19. Prepayments, Other Receivables and Other Assets

	2024 HK$'000	2023 HK$'000
Prepayments	**2,447**	4,523
Deposits	**1,492**	1,545
Other receivables	**24,147**	23,772
	28,086	29,840
Less: Portion classified as non-current assets	**(21,027)**	(21,051)
Current portion	**7,059**	8,789

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. The directors of the Company considered that the ECL exposure is not significant with reference to the historical loss records of the Group.

20. Financial Assets at Fair Value Through Profit or Loss

	2024 **HK$'000**	2023 HK$'000
Listed equity investments – overseas, at fair value	**52**	55
Unlisted investments – Hong Kong, at fair value	**5,123**	5,169
Total	**5,175**	5,224

The above investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The fair values of these investments are measured based on quoted market prices and categorised within Level 1 of the fair value hierarchy.

21. Cash and Bank Balances

	2024 **HK$'000**	2023 HK$'000
Time deposits	**471,747**	397,293
Other cash and bank balances	**77,432**	68,076
Total cash and bank balances	**549,179**	465,369
Less: Non-pledged time deposit with original maturity of over three months	**(289,016)**	(192,447)
Cash and cash equivalents	**260,163**	272,922

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") and Vietnamese Dong ("VND") amounted to HK$32,780,000 (2023: HK$41,704,000) and HK$200,434,000 (2023: HK$211,266,000), respectively. The RMB and VND are not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations and the Law on Foreign Investment in Vietnam, the Group is permitted to exchange RMB and VND for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

22. Trade Payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	HK$'000
0 to 30 days	**7,976**	11,722
Over 120 days	**206**	207
Total	**8,182**	11,929

The trade payables are non-interest-bearing and are normally settled on terms ranging from 7 to 60 days.

23. Other Payables and Accruals

		2024	2023
	Notes	**HK$'000**	HK$'000
Rental-related receipts in advance		**14,561**	14,624
Contract liabilities	(a)	**4,133**	4,432
Deposit received		**41,878**	46,043
Accruals		**18,592**	21,832
Advances from non-controlling shareholders of certain subsidiaries		**9,796**	9,889
Other payables	(b)	**18,094**	18,826
Lease liabilities	15(b)	**23,441**	17,154
		130,495	132,800
Less: Other payables classified as the non-current portion		**(46,374)**	(43,160)
Current portion		**84,121**	89,640

23. Other Payables and Accruals (continued)

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Short-term advances received from customers			
Property management and related services	**4,133**	4,371	2,890
Hotel and related services	**–**	61	22
Total	**4,133**	4,432	2,912

Contract liabilities include short-term advances received to deliver property management and related services and hotel and related services. There were no significant changes in the contract liabilities during the year.

(b) Other payables are non-interest-bearing and are expected to be settled within one year.

24. Provisions

	Long service payments HK$'000	**Environmental restoration HK$'000**	**Total HK$'000**
At 1 January 2023	**2,561**	**644**	**3,205**
Additional provision	**179**	**–**	**179**
Amount utilised during the year	**–**	**(309)**	**(309)**
Exchange realignment	**–**	**(9)**	**(9)**
At 31 December 2023 and 1 January 2024	**2,740**	**326**	**3,066**
Amount utilised during the year	**(680)**	**(98)**	**(778)**
Exchange realignment	**–**	**(12)**	**(12)**
At 31 December 2024	**2,060**	**216**	**2,276**

The Group provides for probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance.

The provision for environmental restoration costs has been determined by the directors based on the best estimate of the expected costs. However, insofar as the effect of the current limestone excavation activities on the land and the environment becomes apparent in future periods, the estimate of the associated costs may be subject to changes.

25. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1 January 2023	**37,642**	**164,887**	**202,529**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)	**(3,076)**	**4,689**	**1,613**
Exchange realignment	**(906)**	**(4,358)**	**(5,264)**
At 31 December 2023 and 1 January 2024	**33,660**	**165,218**	**198,878**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)	**(3,019)**	**5,296**	**2,277**
Exchange realignment	**(1,704)**	**(8,699)**	**(10,403)**
At 31 December 2024	**28,937**	**161,815**	**190,752**

Deferred tax assets

	Impairment of financial assets HK$'000	Provision and accruals HK$'000	Total HK$'000
At 1 January 2023	**92**	**3,687**	**3,779**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	**(35)**	**69**	**34**
Exchange realignment	**(2)**	**(96)**	**(98)**
At 31 December 2023 and 1 January 2024	**55**	**3,660**	**3,715**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	**461**	**(27)**	**434**
Exchange realignment	**(13)**	**(191)**	**(204)**
At 31 December 2024	**503**	**3,442**	**3,945**

25. Deferred Tax (continued)

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

	2024 HK$'000	2023 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**186,807**	195,163

The Group has tax losses arising in Hong Kong and Vietnam of HK$786,181,000 (2023: HK$766,017,000) and HK$14,176,000 (2023: HK$14,320,000), respectively, that are available indefinitely and for a maximum of five years, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and its subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by a subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$9,237,000 at 31 December 2024 (2023: HK$2,184,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. Share Capital

	2024 HK$'000	2023 HK$'000
Authorised:		
760,000,000 ordinary shares of HK$0.01 each	**7,600**	7,600
Issued and fully paid:		
502,453,418 (2023: 502,557,418) ordinary shares of HK$0.01 each	**5,025**	5,026

During the year, the movements in the share capital of the Company were summarised as follows:

	Number of shares in issue	Issued capital HK$'000
At 1 January 2023, 31 December 2023 and 1 January 2024	**502,557,418**	**5,026**
Cancellation of shares repurchased (Note)	**(104,000)**	**(1)**
At 31 December 2024	**502,453,418**	**5,025**

Note:

The Company repurchased 104,000 (2023: Nil) of its ordinary shares on the Stock Exchange at a total consideration of HK$85,000 (2023: Nil) in September 2024. The repurchased shares were cancelled in November 2024.

27. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any director (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint ventures business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. The Scheme became effective on 29 May 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

At the end of the reporting period, no share options were granted under the Scheme. (2023: Nil)

28. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 69 of these financial statements.

(b) Contributed surplus

The Group's contributed represents the difference between the nominal value of the Company's shares issued to acquire the issued share capital of Luks Industrial Company Limited pursuant to the Group reorganisation and the consolidated net asset value of Luks Industrial Company Limited so acquired. Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable to shareholders under certain prescribed circumstances.

(c) Statutory surplus reserve

Pursuant to the relevant laws and regulations in Mainland China, a portion of the profits of the Company's subsidiary in Mainland China has been transferred to the reserve funds which are restricted to use.

(d) Capital redemption reserve

The capital redemption reserve represents an amount equivalent to the par value of the ordinary shares cancelled as a result of the share repurchase.

(e) Capital reserve

Capital reserve represents the difference between the amounts of net consideration and the carrying values of non-controlling interests acquired or disposed of.

29. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transaction

During the year, the Group had non-cash additions to lease liabilities and right-of-use assets included in property, plant and equipment of HK$8,035,000 and HK$8,035,000 (2023: Nil), respectively, arising from lease modification for leasehold land and buildings.

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities HK$'000
At 1 January 2024	**17,154**
Changes from financing cash flows	**(713)**
Additions arising from lease modification	**8,035**
Interest expense	**2,039**
Interest paid classified as operating cash flows	**(2,039)**
Foreign exchange movement	**(1,035)**
At 31 December 2024	**23,441**

2023

	Interest-bearing bank loans HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	67,392	18,278	85,670
Changes from financing cash flows	(67,392)	(674)	(68,066)
Interest expense	–	1,684	1,684
Interest paid classified as operating cash flows	–	(1,684)	(1,684)
Foreign exchange movement	–	(450)	(450)
At 31 December 2023	–	17,154	17,154

29. Notes to the Consolidated Statement of Cash Flows (continued)

(c) Cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 HK$'000	2023 HK$'000
Within operating activities	**2,039**	1,684
Within financing activities	**713**	674
Total	**2,752**	2,358

30. Commitments

The Group had the following capital contractual commitments at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Property, plant and equipment	**14,263**	27,903

31. Related Party Transactions

Compensation of key management personnel of the Group:

	2024 HK$'000	2023 HK$'000
Short term employee benefits	**9,642**	9,477
Post-employment benefits	**72**	72
Total compensation paid to key management personnel	**9,714**	9,549

Further details of directors' emoluments are included in note 8 to the financial statements.

32. Financial Instruments By Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	25,974	25,974
Financial assets included in prepayments, other receivables and other assets	–	25,639	25,639
Financial assets at fair value through profit or loss	5,175	–	5,175
Cash and bank balances	–	549,179	549,179
Total	5,175	600,792	605,967

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	8,182
Financial liabilities included in other payables and accruals	93,209
Total	101,391

32. Financial Instruments By Category (continued)

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	29,076	29,076
Financial assets included in prepayments, other receivables and other assets	–	25,317	25,317
Financial assets at fair value through profit or loss	5,224	–	5,224
Cash and bank balances	–	465,369	465,369
Total	5,224	519,762	524,986

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	11,929
Financial liabilities included in other payables and accruals	91,912
Total	103,841

33. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts of the Group's financial instruments, other than financial assets at fair value through profit or loss, reasonably approximate to their fair values.

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments on with similar terms, credit risk and remaining maturities.

34. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and bank balances. The main purpose of this financial instrument is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group is exposed to the risk of fluctuations in exchange rates for its investments in Vietnam. Since the VND is a restricted currency, there are no hedging instruments available. In order to minimise the Group's exposure to the foreign currency risk, the Group makes use of its surplus cash flows derived from its cement plant to repay loans denominated in United States dollars ("US$"), and in particular, the loan due to the parent company. In addition, most of the expenditures of the cement plant are in the VND. Management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency risk should the need arise.

34. Financial Risk Management Objectives and Policies (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the VND exchange rate, with all other variables held constant, of the Group's profit before tax (arising from VND denominated financial instruments).

	Increase/ (decrease) in VND rate	Increase/ (decrease) in profit before tax
	%	HK$'000
2024		
If US$ weakens against the VND	**1**	**685**
If US$ strengthens against the VND	**(1)**	**(685)**
2023		
If US$ weakens against the VND	1	625
If US$ strengthens against the VND	(1)	(625)

Credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

34. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	**30,502**	**30,502**
Financial assets included in prepayments, other receivables and other assets					
– Normal**	**25,639**	–	–	–	**25,639**
Cash and bank balances					
– Not yet past due	**549,179**	–	–	–	**549,179**
Total	**574,818**	–	–	**30,502**	**605,320**

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	31,241	31,241
Financial assets included in prepayments, other receivables and other assets					
– Normal**	25,317	–	–	–	25,317
Cash and bank balances					
– Not yet past due	465,369	–	–	–	465,369
Total	490,686	–	–	31,241	521,927

34. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Beyond five years HK$'000	Total HK$'000
As at 31 December 2024					
Trade payables	**8,182**	**–**	**–**	**–**	**8,182**
Financial liabilities included in other payables and accruals	**48,778**	**20,968**	**13,969**	**28,210**	**111,925**
Total	**56,960**	**20,968**	**13,969**	**28,210**	**120,107**

34. Financial Risk Management Objectives and Policies (continued)

Liquidity risk (continued)

	Within one year or on demand HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Beyond five years HK$'000	Total HK$'000
As at 31 December 2023					
Trade payables	11,929	–	–	–	11,929
Financial liabilities included in other payables and accruals	50,376	22,718	6,396	7,971	87,461
Total	62,305	22,718	6,396	7,971	99,390

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

34. Financial Risk Management Objectives and Policies (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity attributable to owners of the parent. The Group aims to maintain a healthy and stable net gearing ratio. The gearing ratios as at the end of the reporting periods were as follows:

	Note	**2024** **HK$'000**	2023 HK$'000
Interest-bearing bank and other borrowings		**–**	–
Less: Cash and bank balances	21	**(549,179)**	(465,369)
Net cash		**(549,179)**	(465,369)
Total equity attributable to owners of the parent		**2,316,913**	2,379,997
Gearing ratio		**N/A**	N/A

35. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**36**	47
Investments in subsidiaries	**411,567**	454,293
Total non-current assets	**411,603**	454,340
CURRENT ASSETS		
Prepayments, other receivables and other assets	**5**	–
Cash and bank balances	**165,270**	160,670
Total current assets	**165,275**	160,670
CURRENT LIABILITY		
Other payables and accruals	**3,436**	4,657
NET CURRENT ASSETS	**161,839**	156,013
TOTAL ASSETS LESS CURRENT LIABILITIES	**573,442**	610,353
NON-CURRENT LIABILITY		
Provisions	**1,743**	2,412
Net assets	**571,699**	607,941
EQUITY		
Issued capital	**5,025**	5,026
Reserves (Note)	**566,674**	602,915
Total equity	**571,699**	607,941

35. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Notes	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023		696,427	730	(51,968)	645,189
Loss for the year		–	–	(22,170)	(22,170)
2022 final dividend	11	(10,052)	–	–	(10,052)
2023 interim dividend	11	(10,052)	–	–	(10,052)
At 31 December 2023 and 1 January 2024		676,323	730	(74,138)	602,915
Loss for the year		–	–	(16,055)	(16,055)
Shares repurchased and cancelled	26	–	1	(85)	(84)
2023 final dividend	11	(10,052)	–	–	(10,052)
2024 interim dividend	11	(10,050)	–	–	(10,050)
At 31 December 2024		656,221	731	(90,278)	566,674

36. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 19 March 2025.

Particulars of Investment Properties

31 December 2024

Location	Use	Tenure	Attributable interest of the Group
Store Rooms 4, 5 and 6 on Upper Basement Floor, Fu Hang Industrial Building, No. 1 Hok Yuen Street, Tokwawan, Kowloon, Hong Kong	Industrial building for rental	Medium-term leases	100%
Flat A2, 3/F., Flat B, 4/F., Flat A2, 6/F., Flat C, 7/F. and Flats A1 & A2, 9/F., Cheong Wah Factory Building, No. 39-41 Sheung Heung Road and No. 60 Cheung Ning Street, Tokwawan, Kowloon, Hong Kong	Industrial building for rental	Long-term leases	100%
Workshops E2 & F2, 7/F., Hang Fung Industrial Building, Phase II, No. 2G Hok Yuen Street East Tokwawan, Kowloon, Hong Kong	Industrial building for rental	Medium-term leases	100%
Retail portion on G/F. and 2/F., No. 6 Tsun Wen Road, Tuen Mun, New Territories, Hong Kong	Retail shops for rental	Medium-term leases	100%
2nd and 3rd Floors of the Dormitory, 2nd of 05A, Area 33, Bao An Area, Shenzhen, PRC	Residential building for rental	Short-term leases	100%
Saigon Trade Centre, No. 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam	Commercial building for rental	Medium-term leases	100%

Particulars of Properties for Development

31 December 2024

Location	Use	Site area (square metre)	Attributable interest of the Group
Thanh Phat Apartment Area, 394 Ho Hoc Lam Street, An Lac Ward, Binh Tan District, Ho Chi Minh City, Vietnam	Residential	22,221	85%
Nos. 339-345 Shanghai Street, Kowloon, Hong Kong	Residential and commercial	220	100%

Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
PROFIT/(LOSS) FOR THE YEAR	**18,604**	(98,650)	48,498	84,592	60,191
Attributable to:					
Owners of the parent	**19,144**	(98,241)	53,494	84,669	61,511
Non-controlling interests	**(540)**	(409)	(4,996)	(77)	(1,320)
	18,604	(98,650)	48,498	84,592	60,191

Assets, Liabilities and Non-Controlling Interests

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**2,646,065**	2,724,933	2,938,384	3,039,028	2,837,529
TOTAL LIABILITIES	**(352,078)**	(367,824)	(428,705)	(506,393)	(381,386)
NON-CONTROLLING INTERESTS	**22,926**	22,888	22,326	22,456	28,605
	2,316,913	2,379,997	2,532,005	2,555,091	2,484,748