



PAK FAH YEOW INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 239

ANNUAL REPORT 2024



This Annual Report is printed on environmentally friendly paper

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Corporate Information

DIRECTORS

Executive Directors

Gan Wee Sean (*Chairman and Chief Executive Officer*) (R)
Gan Fock Wai, Stephen (R)
Gan Cheng Hooi, Gavin

Non-executive Director

Gan Fook Yin, Anita (N)

Independent Non-executive Directors

Leung Man Chiu, Lawrence
(*chairing A, chairing R and chairing N*)
Dell'orto Renato (A, R, N)
Chan Chi Chung, Simon (A, R, N)

COMPANY SECRETARY

Lo Tai On

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor, 200 Gloucester Road
Wan Chai
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

SOLICITOR

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

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HONG KONG SHARE REGISTRAR

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

STOCK CODE

239

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TELEPHONE

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(A) Audit Committee member
(R) Remuneration Committee member
(N) Nomination Committee member

About Us

Distinguished Healthcare Solutions

We stand as a pioneer of medicated oil in the healthcare history, dedicated to manufacturing, marketing, and distributing healthcare products under our renowned brand, “Hoe Hin”. With a legacy spanning over 95 years, our flagship product, Hoe Hin White Flower Embrocation (or Hoe Hin Pak Fah Yeow), remains a symbol of quality and efficacy.

Global Excellence in Quality Assurance

With our products present globally, our commitment to quality is evident through our manufacturing facilities, Hoe Hin Pak Fah Yeow Manufacturing Limited. It maintains a robust quality management system that adheres to international standards such as PIC/S (Pharmaceutical Inspection Convention/Pharmaceutical Inspection Co-operation Scheme) Guide to Good Manufacturing Practice for Medicinal Products and ISO9001:2015. Furthermore, it holds GMP certifications from reputable bodies such as Therapeutic Goods Administration, Australia, and Chinese Medicine Council of Hong Kong.

Diverse Product Portfolio

Beyond the iconic Hoe Hin White Flower Embrocation, our healthcare offerings encompass a diverse range, featuring essentials like Hoe Hin Strain Relief, Hoe Hin White Flower Ointment and Fúzǎi 239 (floral-scented White Flower Embrocation). These products encapsulate our vision: to be the premier provider of top-quality medicated products globally.

Investments for Stability and Growth

Beyond healthcare, we also engage in property and treasury investments. Our diverse property portfolio in the United Kingdom, Hong Kong, and Singapore is strategically held for long-term stability, generating a reliable income stream.

Mission-Driven Values

Our mission revolves around delivering sustainable value to stakeholders through responsible business practices. Core values such as Honesty, Obedience, Excellence, Humanity, Innovation, and Nurturing guide our operations and underscore our commitment to ethical and sustainable growth.

Strategic Initiatives for Future Growth

Our strategic initiatives focus on expanding existing markets while exploring new ones in the healthcare sector. Additionally, we manage property investments for long-term stability and optimise returns on surplus cash through treasury investments.

In essence, we stand as a pioneer in the industry, committed to delivering quality products, maintaining high ethical standards, and ensuring sustainable growth across diverse business sectors.

Highlights

- Revenue and Underlying Recurring Profit decreased year-on-year by 8.6% and 13.0% respectively, primarily due to a decline in sales revenue in Healthcare business.
- Reported profit decreased by 25.1%, mainly attributable to higher non-cash fair value losses on investment properties recognised in 2024.
- A final dividend of HK3.8 cents per share and a special final dividend of HK6.7 cents per share were proposed.

RESULTS SUMMARY

	<i>Notes</i>	Year ended 31 December		Change
		2024	2023	
		HK\$'000	HK\$'000	
Revenue	1	236,759	259,158	-8.6%
Reported profit	2	78,629	105,039	-25.1%
Underlying recurring profit	3	103,611	119,078	-13.0%
		HK cents	HK cents	
Earnings per share:				
Reported profit	4	25.2	33.7	-25.2%
Underlying recurring profit		33.2	38.2	-13.1%
Total dividends per share	4	20.0	20.5	-2.4%
		At 31 December		
		2024	2023	
		HK\$'000	HK\$'000	
Shareholders' funds	5	731,908	765,183	-4.3%
		HK\$	HK\$	
Net asset value per share	6	2.35	2.46	-4.5%

- Notes:*
1. Revenue represents revenue derived from the three business segments, namely healthcare ("Healthcare"), property investments ("Property Investments") and treasury investments ("Treasury Investments").
 2. Reported profit ("Reported Profit") is the profit attributable to owners of the Company, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
 3. Underlying recurring profit ("Underlying Recurring Profit") reflects the Group's performance of the three business segments and is arrived at by excluding from Reported Profit the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties.
 4. The basic and diluted earnings per share and the total dividends per share are calculated using the weighted average number of ordinary shares in issue during the year.
 5. Shareholders' funds are the equity attributable to owners of the Company, which is equivalent to the total equity as presented in the Company's consolidated statement of financial position.
 6. Net asset value per share represents shareholders' funds divided by the number of ordinary shares of the Company in issue as at the year end date.

Chairman's Statement

Dear fellow shareholders,

OVERVIEW

The year 2024 presented a challenging economic landscape marked by continued global uncertainties, including prolonged geopolitical tensions, high interest rates, and shifting consumer behavior in key markets. Inflationary pressures and volatility in financial markets further impacted business operations. Despite these headwinds, we remained resilient, leveraging its diversified business model to navigate market challenges while focusing on long-term sustainable growth.

Our total revenue for 2024 amounted to HK\$236.8 million, reflecting an 8.6% decline from HK\$259.2 million in 2023. Underlying Recurring Profit fell 13.0% to HK\$103.6 million, while Reported Profit declined 25.1% to HK\$78.6 million, primarily due to unrealised fair value losses on investment properties amounting to HK\$26.0 million (2023: HK\$15.4 million). Despite these challenges, our Treasury Investments segment delivered strong growth, helping to offset some of the declines in other segments.

DIVIDENDS

In line with our commitment to delivering value to shareholders, we proposes a final dividend of HK3.8 cents per share (2023: HK3.8 cents per share) and a special final dividend of HK6.7 cents per share (2023: HK8.2 cents per share), subject to approval at the upcoming annual general meeting. Including the interim dividends of HK9.5 cents per share (2023: HK8.5 cents per share), the total dividends for 2024 will amount to HK20.0 cents per share (2023: HK20.5 cents per share).

BUSINESS

In 2024, we faced a challenging operating environment, with softer demand in the Healthcare and Property Investments segments impacting overall performance. Despite these challenges, we remained focused on strategic growth initiatives and operational resilience.

Healthcare segment continued to be the primary revenue driver, though sales in China moderated following the post-pandemic surge. Changing consumer behavior and the shift toward e-commerce influenced purchasing patterns, prompting us to enhance its digital marketing efforts and expand online sales channels. Meanwhile, Southeast Asia and North America markets delivered steady growth, supported by strong branding initiatives and increased production capacity. Moving forward, we will focus on strengthening its presence in high-potential markets and optimising its distribution strategies.

Property Investments segment experienced some pressure due to adjustments in the rental market, particularly in Hong Kong, while the United Kingdom portfolio remained stable. Despite valuation fluctuations, we continue to implement prudent asset management strategies to maintain occupancy levels and optimise rental returns.

Treasury Investments segment delivered better results, benefiting from higher interest rate environments and proactive treasury management. Higher returns from treasury investments helped mitigate some of the challenges faced in other segments.

Chairman's Statement

NON-FINANCIAL PERFORMANCE

We believe that business sustainability can only be accomplished by operating a profitable business without sacrificing the well-being of either its society or the environment. Driven by a deep commitment to environmental sustainability, we actively take measures to minimise carbon emissions within the workplace. The strategies encompass optimising energy efficiency, implementing a comprehensive recycling programme and enhancing packaging materials to reduce the overall environmental footprint. Our Environmental, Social and Governance Report 2024, detailing our environmental and social impacts alongside progress towards sustainability, will be available in the websites of The Stock Exchange of Hong Kong Limited and the Company concurrently with our annual report publication.

OUTLOOK

Our market development efforts in China will focus on fostering and expanding e-commerce growth, allocating additional resources to enhance online engagement and digital marketing strategies, aligning with evolving consumer purchasing habits. We are optimistic about the growth potential in Southeast Asia, where we aim to leverage the strong momentum achieved in 2024 to sustain sales expansion. However, USA in the North American market may face potential headwinds due to the possible implementation of higher import tariffs, which could dampen demand and constrain growth prospects.

Hong Kong rental market is expected to remain challenging, particularly for office and retail spaces, which continue to experience fluctuating demand. We will continue to focus on prudent asset management to enhance occupancy rates and sustain stable rental income. Meanwhile, our UK and Singapore portfolios are expected to provide steady contributions.

For Treasury Investments segment, we will continue to take a prudent approach to optimise returns, leveraging higher interest rate environments to enhance overall profitability.

Looking ahead with moderate optimism, while external market conditions remain dynamic, our diversified business model, prudent financial management, and strategic growth initiatives will support long-term sustainability and shareholder value creation.

CLOSING REMARKS

On behalf of the Board, I extend my sincere gratitude to our shareholders, customers, business partners, and employees for their unwavering support and dedication. Your trust and commitment have been invaluable in navigating challenges and driving our continued growth. As we move forward, we remain focused on creating long-term value and seizing new opportunities together.

GAN Wee Sean
Chairman

Hong Kong, 27 March 2025

Management Discussion and Analysis

RESULTS OVERVIEW

For the year ended 31 December 2024, the Group reported total revenue of HK\$236.8 million, down 8.6% from HK\$259.2 million in 2023. The decline was mainly attributed to softer performance in Healthcare and Property Investments segments, partially offset by strong growth in Treasury Investments. Revenue breakdown for each business segment is as follows:

	2024 HK\$'000	2023 HK\$'000	Change %
Healthcare	217,367	245,165	-11.3
Property Investments	9,111	9,612	-5.2
Treasury Investments	10,281	4,381	+134.7
	236,759	259,158	-8.6

Underlying Recurring Profit fell 13.0% to HK\$103.6 million, primarily due to reduced profitability in Healthcare segment. Earnings per share of Underlying Recurring Profit stood at HK33.2 cents, marking a 13.1% decrease from HK38.2 cents in 2023.

Reported Profit declined 25.1% to HK\$78.6 million, largely due to higher unrealised fair value losses on investment properties, particularly in Hong Kong and Singapore, where the total fair value loss widened to HK\$23.9 million (2023: HK\$6.9 million). Meanwhile, fair value losses in the United Kingdom portfolio narrowed to HK\$2.1 million (2023: HK\$8.5 million), reflecting a more stable market environment. Earnings per share of Reported Profit stood at HK25.2 cents, reflecting a 25.2% decrease from HK33.7 cents in 2023.

The reconciliation between Underlying Recurring Profit and Reported Profit is as follows:

	2024 HK\$'000	2023 HK\$'000	Change %
Underlying Recurring Profit	103,611	119,078	-13.0
Unrealised fair value changes of:			
Financial assets	1,061	1,345	
Investment properties:			
United Kingdom	(2,149)	(8,503)	
Hong Kong and Singapore	(23,894)	(6,881)	
Reported Profit	78,629	105,039	-25.1

The revaluation of other properties, accounted for as other comprehensive income, resulted in a net revaluation loss of HK\$43.0 million in 2024 compared to HK\$4.4 million in 2023.

Total comprehensive income attributable to owners of the Company for 2024 amounted to approximately HK\$33.7 million compared to HK\$105.6 million in 2023.

Management Discussion and Analysis

OPERATIONS REVIEW

Healthcare

Revenue from our Healthcare segment declined by 11.3% to HK\$217.4 million (2023: HK\$245.2 million), primarily due to a shift in consumer purchasing behavior in China. Geographically, segment revenue is detailed below:

	2024 HK\$'000	2023 HK\$'000	Change %
China	167,797	202,725	-17.2
Southeast Asia	36,569	34,068	+7.3
North America	11,546	7,294	+58.3
Others	1,455	1,078	+35.0
Segment revenue	217,367	245,165	-11.3
Segment result – profit	127,752	150,635	-15.2

Healthcare segment remained the Group's core revenue contributor, recording HK\$217.4 million in revenue (2023: HK\$245.2 million), reflecting an 11.3% decline year-on-year. Segment profit also fell 15.2% to HK\$127.8 million (2023: HK\$150.6 million), mainly due to weaker sales in China.

Market Analysis:

China

Revenue declined 17.2% to HK\$167.8 million (2023: HK\$202.7 million), reflecting shifting consumer behaviour following the easing of overbuying trends after the reopening of the Hong Kong-Mainland China border in 2023. This led to a notable drop in purchasing power within the pharmaceutical market in China in 2024.

The market is also experiencing a transition in purchasing models, with online sales channels continuing to expand. While this marks a new phase in pharmaceutical e-commerce, the Group's domestic operations remain primarily offline, with online sales contributing less than 3% of total revenue. This limited online presence has impacted overall sales performance.

Looking ahead, market development efforts in China will increasingly focus resources on fostering and promoting the growth of e-commerce in the region. To maintain overall sales growth in China, the Group will continue to monitor market dynamics and introduce timely sales promotions to maintain steady performance while actively exploring further growth opportunities. As consumer patterns evolve, the Group will adjust marketing strategies accordingly, enhancing online promotions to support e-commerce and maintain market competitiveness.

Southeast Asia

Revenue in Southeast Asia grew 7.3% to HK\$36.6 million (2023: HK\$34.1 million), driven by strong sales growth in the Philippines. Ongoing branding and promotional activities in the Philippines and Singapore have further strengthened Hoe Hin brand's presence in these regions.

North America

The USA posted a double digit percentage sales increase in 2024 compared to 2023. This growth was primarily driven by the normalisation of sales following an increase in production capacity, facilitated by the acquisition of new machinery in the prior year.

Looking ahead, the Group maintains a positive outlook for 2025 in the Southeast Asia region, focusing on sustaining the sales growth achieved in 2024 by leveraging the established growth momentum. However, sales in the USA may encounter challenges due to the potential implementation of higher import tariffs, which could dampen demand and limit growth.

Management Discussion and Analysis

Property Investments

Property Investments segment reported revenue of HK\$9.1 million, a 5.2% decline from HK\$9.6 million in 2023, primarily due to reduced rental income from the Hong Kong portfolio. The segment recorded a loss of HK\$18.5 million, significantly widening from HK\$7.1 million in 2023, largely attributed to fair value losses on investment properties. Revenue breakdown by location is as follows:

	2024 HK\$'000	2023 HK\$'000	Change %
Hong Kong – office and residential	3,192	3,973	-19.7
Singapore – industrial	317	316	+0.3
United Kingdom – retail/residential	5,602	5,323	+5.2
Segment revenue	9,111	9,612	-5.2
Segment result – loss	(18,483)	(7,130)	+159.2

In 2024, approximately 35.0%, 3.5% and 61.5% (2023: 41.3%, 3.3% and 55.4%) of segment revenue was derived from investment properties in Hong Kong, Singapore and the United Kingdom respectively. Occupancy rates for these properties were 79.5%, 100.0% and 100.0% respectively (2023: 100.0%, 100.0% and 100.0%). The decline in Hong Kong's occupancy rate was due to the expiration of certain office leases in the first half of the year; new agreements were secured in the fourth quarter.

Underlying Recurring Segment Result, which excludes unrealised fair value changes of investment properties, recorded a profit of HK\$7.6 million in 2024, reflecting an 8.4% decline from HK\$8.3 million in 2023. The property expenses ratio as a percentage of segment revenue increased to 17.0% in 2024 (2023: 14.1%), primarily due to lower rental income.

Segment result for 2024 reflected a loss of HK\$18.5 million (2023: HK\$7.1 million), primarily due to increased unrealised fair value losses of investment properties compared to 2023.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	2024 HK\$'000	2023 HK\$'000	Change %
Underlying Recurring Segment Result	7,560	8,254	-8.4
Unrealised fair value changes of investment properties:			
United Kingdom	(2,149)	(8,503)	
Hong Kong and Singapore	(23,894)	(6,881)	
Segment result – loss	(18,483)	(7,130)	+159.2

Hong Kong overall office market faced significant challenges in 2024, with vacancy rates reaching 17.0% by year-end, contributing to declining rental income and increased fair value losses on investment properties. Despite these challenges, the Singapore and United Kingdom portfolios maintained full occupancy and stable rental income, underscoring the benefits of a diversified property investment strategy.

Management Discussion and Analysis

Treasury Investments

In addition to placing funds in reputable banks, the Group diversified its investment portfolio to include equity and debt securities, mutual funds, and dual currency investments, aiming to optimise returns.

Segment revenue, primarily derived from interest income, surged 134.1% to HK\$10.3 million (2023: HK\$4.4 million). Underlying Recurring Segment Result also posted a substantial increase of 101.5%, reaching HK\$8.5 million (2023: HK\$4.2 million). This growth was mainly driven by a higher level of fixed deposits secured during the year, resulting in increased interest income.

The segment recorded a profit of HK\$9.5 million, marking a 71.7% increase from HK\$5.5 million in 2023. This improvement was primarily attributed to higher interest income, partially offset by a lower unrealised fair value gain on listed investments compared to 2023.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	2024 HK\$'000	2023 HK\$'000	Change %
Underlying Recurring Segment Result	8,458	4,198	+101.5
Unrealised fair value changes of financial assets	<u>1,061</u>	<u>1,345</u>	
Segment result – profit	<u>9,519</u>	<u>5,543</u>	+71.7

FINANCIAL REVIEW

The preceding sections, including the results overview and operations review, provide insights into the financial performance of the Group's three business segments. This section discusses other significant financial items.

Staff Costs

Staff costs are classified into production-related payroll expenses and administration payroll expenses, which include costs for management and head office staff. Total staff costs declined slightly by 1.6% from HK\$44.0 million to HK\$43.3 million. This decrease was primarily due to a lower provision for management and staff bonuses, aligning with the Group's financial performance compared to 2023. The decline was partially offset by the impact of annual salary increments.

Other Operating Expenses

Other operating expenses increased by 15.6% to HK\$28.2 million (2023: HK\$24.4 million), primarily due to a higher overall expenditure on advertising and promotional activities. The ratio of other operating expenses to total revenue rose to 11.9% in 2024 (2023: 9.4%), reflecting higher proportional marketing expenses relative to the decline in sales turnover from Healthcare business during the year.

Finance Costs

Finance costs declined by 5.0% to HK\$584,000 (2023: HK\$615,000), primarily due to a lower bank loan balance throughout the year, despite an increase in the interest rates on the underlying loan. The interest coverage ratio, calculated as profit from operations before interest, taxes and unrealised fair value changes of financial assets and investment properties divided by finance costs, decreased to 211.2 times in 2024 (2023: 233.3 times).

Management Discussion and Analysis

Taxation

Taxation decreased by 19.7% from HK\$23.8 million to HK\$19.1 million, primarily due to a decline in taxable operating profits of subsidiaries.

Investment Properties

The Group's investment properties were valued at 31 December 2024 by independent professional valuers on a fair value basis. The total valuation as at year-end 2024 was HK\$227.0 million, a drop of 11.1% from HK\$255.3 million as at year-end 2023. The decrease was primarily driven by weaker office investment market conditions in Hong Kong, where rising vacancy rates, declining rental yields, and economic uncertainties have led to subdued investor sentiment. The valuation decline was less pronounced in the United Kingdom, reflecting a more resilient retail and residential market, supported by stable tenant demand and long-term lease agreements. The valuation of properties in each geographical segment as at the year-end date is as follows:

	2024		2023		Change in HK\$ %
	<i>Original currency '000</i>	<i>HK\$'000</i>	<i>Original currency '000</i>	<i>HK\$'000</i>	
Hong Kong – office and residential	HK\$111,480	111,480	HK\$135,650	135,650	-17.8
Singapore – industrial	S\$2,225	12,706	S\$2,100	12,430	+2.2
United Kingdom – retail/residential	GBP10,560	102,854	GBP10,775	107,184	-4.0
		<u>227,040</u>		<u>255,264</u>	-11.1

An unrealised fair value loss on investment properties of HK\$26.0 million (2023: HK\$15.4 million) and an exchange loss realignment of HK\$2.2 million (2023: gain of HK\$5.7 million) were recognised for 2024.

FINANCIAL RESOURCES AND TREASURY POLICIES

The Group maintained a prudent treasury policy throughout the year. The gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 31 December 2024 was 0.6% (2023: 0.6%). The Group's total bank borrowings amounted to HK\$4.2 million (2023: HK\$4.7 million), primarily denominated in Pound Sterling with floating interest rates.

The current ratio (current assets divided by current liabilities) stood at 16.2 times as at 31 December 2024 (2023: 7.2 times). The Group maintained sufficient cash reserves, marketable securities and available banking facilities to meet its short-term liabilities, commitments and working capital requirements.

EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Some sales to Mainland China and overseas markets were denominated in Renminbi, Australian Dollars and Malaysian Ringgit, while rental income in the United Kingdom was received in Pound Sterling. As at 31 December 2024, the Group's debt borrowings were mainly denominated in Pound Sterling. The Group also had equity and debt securities denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the year, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 31 December 2024 were approximately HK\$72.6 million (2023: HK\$58.7 million) in total, or about 8.6% (2023: 6.5%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK\$98.7 million (2023: HK\$102.4 million) relating to carrying amount of the properties investments in the United Kingdom.

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 December 2024, the Group's investment properties in the United Kingdom with an aggregate carrying value of approximately HK\$102.9 million (2023: HK\$107.2 million) were pledged to secure banking facilities granted to the Group to the extent of approximately HK\$57.8 million (2023: HK\$59.5 million), of which approximately HK\$4.2 million (2023: HK\$4.7 million) were utilised as at 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, no legal proceedings were initiated by any third parties against the Group as defendant, nor were there any outstanding claims which may result in significant financial losses to the Group.

PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

The Group has no plan for significant investment or acquisition of material capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 106 (2023: 102) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees as part of its commitment to employee well-being.

Board of Directors and Senior Management

Executive Directors

Mr. GAN Wee Sean, aged 78, is the Chairman of the board, the Chief Executive Officer, an executive director of the Company and a member of the remuneration committee of the Company. He has been actively involved in the management of the Group since 1971. He was appointed as an executive director of the Company on 8 October 1991 and acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. He is also a director in a number of subsidiaries of the Company. He attended North Western Polytechnic, London, England where he majored in business administration and marketing. He is a Fellow of the Institute of Chartered Secretaries and Administrators and Fellow of the Chartered Institute of Marketing. From 1981 to 1986, and from 1987 to 1990, he held the position of vice-chairman and chairman respectively of Chung Sing Benevolent Society. He was chairman of the Malaysian Association in Hong Kong from 1987 to 1989, and was a founder member of the Institute of Marketing in Hong Kong. He is also Command President HKIC of the St. John's Ambulance Brigade Island Command Hong Kong. He is the eldest grandson of the founder, Mr. Gan Geok Eng and the father of Mr. Gan Cheng Hooi, Gavin, an executive director of the Company and the Sales and Marketing Director (Regions other than Greater China) of a subsidiary of the Company. Mr. Gan Fock Wai, Stephen, executive director of the Company and Ms. Gan Fook Yin, Anita, non-executive director of the Company, are respectively the son and daughter of the founder, Mr. Gan Geok Eng. He is a director and shareholder of Hexagan Enterprises Limited, a substantial shareholder of the Company.

Mr. GAN Fock Wai, Stephen, aged 63, is an executive director of the Company and is a member of the remuneration committee of the Company. He was the Chief Executive Officer until 21 April 2008. He is also a director in a number of subsidiaries of the Company. He possessed an honorary bachelor degree in food process engineering from Loughborough University of Technology in England. He has been actively involved in the management of the Group since 1986. He is a son of the founder, Mr. Gan Geok Eng. Mr. Gan Wee Sean, Chairman of the Company, is the grandson of the founder. Mr. Gan Cheng Hooi, Gavin, executive director of the Company is a son of Mr. Gan Wee Sean. Ms. Gan Fook Yin, Anita, non-executive director of the Company, is a sister of Mr. Gan Fock Wai, Stephen. In 2001, he was awarded one of the "2001 Youth Industrial Awards of Hong Kong" by the Federation of Hong Kong Industries. He was also a committee member (Practitioners Board) of the Chinese Medicine Council of Hong Kong from 1999 to 2005. He is a director and shareholder of Gan's Enterprises Limited, a substantial shareholder of the Company.

Mr. GAN Cheng Hooi, Gavin, aged 44, was appointed as an executive director of the Company on 23 September 2015. He joined Hoe Hin Pak Fah Yeow Manufactory, Limited ("HHPFY"), a wholly-owned subsidiary of the Company, in October 2007 and is now the Sales and Marketing Director (Regions other than Greater China) of HHPFY. Prior to joining HHPFY, he worked in different industries including market research, information technology and management consultancy. He obtained a bachelor degree in management from Royal Holloway University of London. He is a son of Mr. Gan Wee Sean, who is the Chairman, the Chief Executive Officer, an executive director and a substantial shareholder of the Company and the eldest grandson of the founder, Mr. Gan Geok Eng. Mr. Gan Fock Wai, Stephen, executive director of the Company and Ms. Gan Fook Yin, Anita, non-executive director of the Company, are respectively the son and daughter of the founder, Mr. Gan Geok Eng.

Non-executive Director

Ms. GAN Fook Yin, Anita, aged 56, was appointed as a non-executive director of the Company on 23 September 2015. She was appointed as a member of nomination committee of the Company on 7 December 2023. She joined Rena Creative Products Ltd. ("RENA") since 1999 and is now the chief executive officer of RENA. Prior to joining RENA, she served as chairman of Chancy Company Ltd. Now she also serves as an executive director of Rena Creative Services Ltd.. She has leadership and extensive managerial experience in financial, strategic, capital allocation and human resources. She obtained a bachelor degree in mathematics and management from King's College, University of London. She is a daughter of the founder, Mr. Gan Geok Eng and a sister of Mr. Gan Fock Wai, Stephen, who is an executive director and a substantial shareholder of the Company. Mr. Gan Wee Sean, Chairman of the Company, is a grandson of the founder. Mr. Gan Cheng Hooi, Gavin, executive director of the Company, is a son of Mr. Gan Wee Sean.

Board of Directors and Senior Management

Independent Non-executive Directors

Mr. Leung Man Chiu Lawrence, aged 76, was appointed as an independent non-executive director of the Company on July 2006. He is also the chairman of the audit committee, the nomination committee and the remuneration committee of the Company.

Mr. Leung is a Certified Public Accountant in public practice for over 50 years and is now practicing as a partner in Tang and Fok, certified public accountants. Mr. Leung is also an independent non-executive director of Safety Godown Company Limited (stock code: 237) and SMC Electric Limited (stock code: 2381), both listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He was an independent non-executive director of PFC Device Inc. (stock code 8231) which was delisted subsequent to its privatisation until 25 March 2022.

Mr. DELL’ORTO Renato, aged 72, was appointed as an independent non-executive director of the Company in September 2022 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He graduated from KV Business School in Zurich, Switzerland. Before being recruited in Switzerland by the Edward Keller Group for a position in Hong Kong, he gained experience in Switzerland in Supply Chain Management and as an Assistant to the General Manager. He spent 30 years at DKSH Group (formerly Diethelm/Keller) holding the position of Vice President of the Healthcare Business Unit and Director of DKSH (Hong Kong) Ltd. During his tenor at DKSH, he attended several International Executive and General Management programs at: The International Marketing Institute, Cambridge, Massachusetts, USA; IMEDE/IMD in Lausanne, Switzerland and at INSEAD, Singapore. He served as a Board Member of The Hong Kong Association of the Pharmaceutical Industry (HKAPI) and as its Vice President and President. He also served on the HKSAR Pharmacy & Poison Appeals Tribunal. In 2007, he joined BioHealth Plus Ltd. as a joint business owner and Executive Director.

Mr. CHAN Chi Chung, Simon, aged 47, was appointed as an independent non-executive director of the Company in September 2022 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He obtained his Bachelor of Laws degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1999 and 2000 respectively. Mr. Chan was admitted as a solicitor in Hong Kong in November 2002. He is currently a consultant at DeHeng Law Offices (Hong Kong) LLP (formerly known as Chungs Lawyers), a firm of solicitors in Hong Kong. Prior to his role at DeHeng Law Offices (Hong Kong) LLP, Mr. Chan has worked in different sectors of the legal industry including serving as a legal officer for the Intellectual Property Department of the Hong Kong Special Administrative Region Government, in-house counsel of a multinational entertainment corporation and a partner of a major Hong Kong law firm. His practice focuses on contentious and non-contentious commercial, intellectual property, personal data privacy, and employment matters. Since September 2021, Mr. Chan has been serving as an Adviser of the Scout Performing Arts Committee of the Scout Association of Hong Kong.

Senior Management

Mr. TSANG Hung Kei, aged 54, is the Chief Financial Officer of the Group responsible for the overall financial management and control and corporate governance. He is also an executive director of major subsidiaries of the Company. Mr. Tsang is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to joining the Group in May 2005, he worked for an international accounting firm for 8 years and was the group financial controller of a listed company in Hong Kong thereafter until April 2005. He holds a bachelor degree in computer science and accounting at the University of Manchester, United Kingdom.

Ms. YAU Lai Ching, Vicky, aged 60, is an executive director and the Chief Operating Officer of HHPFY responsible for the overall management of operation. She has been with HHPFY since 1992. Prior to joining HHPFY, she worked for tourism board for 3 years. She possessed a Professional Diploma in Marketing from the Hong Kong Polytechnic (presently known as Hong Kong Polytechnic University).

Corporate Governance Report

The Company is dedicated to maintaining a good credible framework of corporate governance with a view to being transparent, open and accountable to its shareholders, and continues to review and reinforce its corporate governance practice.

The core purpose of the Company is to create value for its shareholders. It strives to become the premier provider of top-quality medicated products that are superior to other choices in the healthcare sector that is trusted by its consumers, and a place where its employees are proud to work for. Its mission is to deliver sustainable value to the Company's stakeholders through responsible business based on core values that include quality excellence, integrity, nurturing and financial strength. In this connection, it endeavours to maintain accountability to its employees, consumers, shareholders, the society and the environment. These purpose and values shape the Company's strategy, which are geared towards building a trusted and beloved enterprise whereby values for shareholders are created. The Company's purpose, values and strategy form the foundations of the Company's corporate culture. Its corporate culture is centred on adherence to high ethical standards and practices, and striving for sustainable development.

The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with the code provisions as set out in the CG Code during the year ended 31 December 2024 except for the following deviation:

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the board, was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with the executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the board as well as senior management. The board has one non-executive director and has also three independent non-executive directors ("INED(s)") who offer different independent perspectives. Therefore, the board is of the view that there are adequate balance of power and safeguards in place. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

THE BOARD

Composition

The board consists of three executive directors, one non-executive director and three INEDs who have professional qualification, experience and expertise in accounting, commercial or legal field. During the year under review, there was no change in the directors and their role and function. The names and biographical details of each director are disclosed on pages 13 and 14 of this annual report.

The directors have given sufficient time and attention to the Group's affairs. The directors have disclosed to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments. The board believes that the balance between executive directors, non-executive director and INEDs is reasonable and adequate to provide sufficient balances that protect the interests of the shareholders and the Group.

Each INED has, pursuant to Rule 3.13 of the Listing Rules, respectively confirmed that he is independent of the Company and the Company also considers that they are independent. The term of office of the non-executive director and each INED is for a term of two years subject to the requirement that one-third of all the directors shall retire from office by rotation at each annual general meeting pursuant to the bye-laws of the Company. Save as disclosed in the biographical details of each director, there is no other relationship (including financial, business, family or other material/relevant relationship) amongst members of the board.

Corporate Governance Report

The board has adopted effective mechanisms to ensure independent views and input are available to the board. Subject to approval of the Chairman of the board, directors may seek, at the Company's expense, independent legal, financial or other professional advices from advisors independent to those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively. To ensure independent views and input are available to the board, the selection criteria and process of INEDs set out in the Company's nomination policy and all other requirements on INEDs set out in the Listing Rules (as amended from time to time) shall form an integral part of these mechanisms. The board will review the implementation and effectiveness of such mechanisms on an annual basis. The board considers that the above mechanisms are effective in ensuring that independent views and input are provided to the board.

Role of the Board

The board is responsible both for how the Company is managed and the Company's direction. Approval of the board is required for the strategy of the Group, major acquisition and disposal, major capital investment, dividend policy and payment, appointment and retirement of directors, remuneration policy and other major operational and financial matters. Day-to-day operations of the Group are taken up by the Company's management currently comprising the three executive directors and senior executives.

The board has established schedule of matters specifically reserved to the board for its decision and those reserved for the management. The board reviews this schedule on a periodic basis to ensure that it remains appropriate to the needs of the Company.

The board also assumes full responsibility for the Group's environmental, social and governance ("ESG") related strategy, management, performance and reporting through the support of an environmental, social and governance committee. The board recognises the importance of identifying and addressing environmental, social and governance related risks, including those related to climate, and believes that a focus on managing these factors can result in enhanced and long-lasting business value for the Group.

Corporate Governance Functions

The board is responsible for performing the corporate governance duties as set out below:

1. develop and review the Company's policies and practices on corporate governance, including the board diversity policy, company dividend policy, mechanisms to ensure independent views of the board and shareholders communication policy, and make recommendations;
2. review and monitor the training and continuous professional development of directors and senior management;
3. review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under Appendix C1 to the Listing Rules.

The board had performed the above duties during 2024.

Corporate Governance Report

Directors' Training

Based on the training records provided to the Company by the directors, the existing directors have participated in the following training during 2024:

Directors	Type of trainings
<i>Executive Directors</i>	
Gan Wee Sean	A, B
Gan Fock Wai, Stephen	A, B
Gan Cheng Hooi, Gavin	A, B
<i>Non-executive Director</i>	
Gan Fook Yin, Anita	A, B
<i>Independent Non-Executive Directors</i>	
Leung Man Chiu, Lawrence	A, B
Dell' Orto Renato	A, B
Chan Chi Chung, Simon	A, B

A: attending seminars and/or conferences and/or forums

B: reading information, newspapers, journals and materials relating to the responsibilities of directors, economy, fiscal, financial, investments and business of the Company

Emoluments of Directors and Senior Management

Particulars regarding directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 7 and 8 to the consolidated financial statements, respectively.

The emoluments of the members of the senior management by band for the year ended 31 December 2024 is set out below:

Emoluments bands	Number of persons
HK\$1,500,001 to HK\$2,000,000	2

The board held four regular board meetings at approximately quarterly intervals during 2024. Additional board meetings were held when necessary. Due notice and board papers were given to all directors prior to the meeting in accordance with the Listing Rules and the CG Code. Details of individual attendance of directors are set out in the table below:

Attendance of individual Directors at Board Meetings in 2024

Number of meeting: 4

Executive Directors

Gan Wee Sean (*Chairman and Chief Executive Officer*) 4
 Gan Fock Wai, Stephen 4
 Gan Cheng Hooi, Gavin 4

Non-executive Director

Gan Fook Yin, Anita 4

INEDs

Leung Man Chiu, Lawrence 4
 Dell' Orto Renato 3
 Chan Chi Chung, Simon 4

Corporate Governance Report

The board has established written procedures to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

Chairman and Chief Executive Officer

The role of the Chairman should be separated from that of the Chief Executive Officer. Such division of responsibilities allows a balance of power between the board and the management of the Group, and ensures their independence and accountability.

The Chairman is the leader of the board and he oversees the board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each board meeting taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda. The Chairman has overall responsibility for providing leadership, vision and direction in the development of the business of the Company.

The Chief Executive Officer, assisted by other executive directors and senior executives, is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the board for all operations of the Group. He ensures smooth operations and development of the Group and maintains continuing dialogue with the Chairman and all directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Mr. Gan Wee Sean is the Chairman of the board. He was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011.

BOARD COMMITTEES

To strengthen the functions of the board and to enhance its expertise, there are three board committees namely, the audit committee, remuneration committee and nomination committee formed under the board, with specific written terms of reference which deal clearly with committee's authority and duties.

Audit Committee

The audit committee comprises three INEDs.

The role and function of the audit committee include:

- to serve as a focal point for communication between other directors and the auditor in respect of the duties relating to financial and other reporting, internal controls, audits, and such other matters as the board may determine from time to time;
- to assist the board in fulfilling its responsibility by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the risk management and internal control systems of the Group and the adequacy of the audits;
- to review the appointment of auditor on an annual basis, including the review of the audit scope and approval of the audit fees;
- to review the annual and interim financial statements prior to their approval by the board, and recommend the application of accounting policies and changes to the financial reporting requirements; and
- to ensure continuing auditor objectivity and to safeguard independence of the Company's auditor.

Corporate Governance Report

Set out below is the summary of work done of the audit committee in 2024:

- considered and approved the 2024 audit fees and audit plan;
- reviewed the auditor's report to the audit committee and the letters of representation;
- reviewed the consolidated financial statements for the year ended 31 December 2023 and for the six months ended 30 June 2024;
- considered and approved the scope of internal audit for the year 2024 and reviewed the findings and recommendations thereof; and
- reviewed the arrangement (including investigation and follow-up action) to raise concerns about possible improprieties in financial reporting, internal control or other matters through the whistle-blowing policy adopted by the Company.

The audit committee held three meetings during the year. Details of individual attendance of its members are set out in the table below:

Attendance of individual members at audit committee meetings in 2024

Number of meeting:	3
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INEDs

Leung Man Chiu, Lawrence (<i>Chairman</i>)	3
Dell' Orto Renato	2
Chan Chi Chung, Simon	3

Remuneration Committee

The board has established a remuneration committee, currently comprising three INEDs and two executive directors, Mr. Gan Wee Sean and Mr. Gan Fock Wai, Stephen. The role and function of the remuneration committee include formulation of the remuneration policy, review and recommending to the board the annual remuneration policy, and recommendation of the remuneration of the directors and senior management. No director or any of his/her associate was involved in deciding his/her own remuneration.

Set out below is the summary of work done of the Remuneration Committee in 2024:

- reviewed and made recommendations to the board on the remuneration packages of individual executive directors, non-executive director, the INEDs and senior management;
- assessed performance of executive directors and approved the terms of executive director's service contracts;
- reviewed the bonus and annual allowances to executive directors and senior management; and
- made recommendations to the board on the establishment of a formal and transparent procedure for developing remuneration policy.

Corporate Governance Report

The remuneration committee held one meeting during the year. Details of individual attendance of its members are set out in the table below:

Attendance of individual members at remuneration committee meeting in 2024

Number of meeting:	1
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Executive Directors

Gan Wee Sean	1
Gan Fock Wai, Stephen	1

INEDs

Leung Man Chiu, Lawrence (<i>Chairman</i>)	1
Dell' Orto Renato	1
Chan Chi Chung, Simon	1

Remuneration Policy for Directors

The remuneration of the directors is determined with reference to the job description, level of responsibility, the Group's magnitude and complexity as well as current market rates and prevailing market conditions. Remuneration of executive directors also consists of other benefits and bonus which are determined in accordance with the performance of the Group and the individual's performance. No director should participate in deciding his or her own remuneration.

Nomination Committee

The board has established a nomination committee, comprising three INEDs and one non-executive director. The role and function of the nomination committee include making recommendations to the board on the appointment of directors regarding the qualification and competency of the candidates, so as to ensure that all nominations are fair and transparent.

Set out below is the summary of work done of the nomination committee in 2024:

- reviewed the structure, size and composition of the board;
- assessed the independence of INEDs;
- recommendations on the directors subject to retirement by rotation under the bye-laws at the 2025 annual general meeting; and
- reviewed the board diversity policy and matters relating thereto.

The nomination committee held one meeting during 2024. Details of individual attendance of its members are set out in the table below:

Attendance of individual members at nomination committee meeting in 2024

Number of meeting:	1
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Non-executive Director

Gan Fook Yin, Anita	1
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INEDs

Leung Man Chiu, Lawrence (<i>Chairman</i>)	1
Dell' Orto Renato	1
Chan Chi Chung, Simon	1

Corporate Governance Report

Board Diversity Policy

The Company has formulated and adopted a board diversity policy (the “Board Diversity Policy”) aiming at setting out the approach on diversity of the board.

The board recognises the importance of having a diverse board in enhancing the board effectiveness and corporate governance. A diverse board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities of directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the board and when possible should be balanced appropriately.

The nomination committee of the Company has responsibility for identifying and nominating candidates for appointment to the board and for approval by the board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the board and assessing the extent to which the required skills are represented on the board and overseeing the board succession. It is also responsible for reviewing and reporting to the board in relation to board diversity. The board will continue to ensure that the Company will not have a single gender board.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the board. Selection of candidates to join the board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution the chosen candidates will bring to the board.

As at 31 December 2024, the members of the board consist of six male directors and one female director and the current senior management of the Company comprises two employees, one male and one female. The nomination committee, consisting of three male directors and one female director, will review annually the need for achieving higher gender diversity in the Group.

As at 31 December 2024, the Company has 106 employees in total comprising of 39 males and 67 females (a male-to-female ratio of 0.6:1). The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualifications, ethnicity, professional experience, skills, knowledge and length of experience, and the Group will ensure achieving gender diversity across the workforce.

Nomination Policy

The Company has also adopted a nomination policy (the “Nomination Policy”) which sets out the selection criteria and procedure of appointing and re-appointing a director. The selection criteria used in assessing the suitability of a candidate include, inter alia, such candidate’s academic background and professional qualifications, relevant experience in the industry, character and integrity etc. The procedures of appointing and re-appointing a director are summarised as follows:

1. The nomination committee reviews the structure, size and composition (including the skills, knowledge and experience) of the board periodically and make recommendation on any proposed changes to the board to complement the Company’s corporate strategy;
2. When it is necessary to fill a casual vacancy or appoint an additional director, the nomination committee identifies or selects candidates as recommended to the committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;
3. If the process yields one or more desirable candidates, the nomination committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

Corporate Governance Report

4. The nomination committee makes recommendations to the board including the terms and conditions of the appointment;
5. The board deliberates and decides on the appointment based upon the recommendation of the nomination committee;
6. In accordance with the Company's bye-laws, every director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election at each annual general meeting;
7. The nomination committee shall review the overall contribution and service to the Company of the retiring director. The nomination committee shall also review the expertise and professional qualifications of the retiring director, who offered himself/herself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria as set out in the Nomination Policy;
8. Based on the review made by nomination committee, the board shall make recommendations to shareholders on candidates standing for re-election at the annual general meeting of the Company, and provide the available biographical information of the retiring director in accordance with the Listing Rules to enable shareholders to make an informed decision on the re-election of such candidates at the annual general meeting of the Company; and
9. The shareholders of the Company may propose a person for election as a director in accordance with the bye-laws of the Company and applicable laws.

The nomination committee reviewed the Board Diversity Policy and the Nomination Policy periodically and considered that such policies are suitable and effective.

Dividend Policy

The Company has a dividend policy which was last updated in 2020 (the "Dividend Policy"). Pursuant to the Dividend Policy, declaration and recommendation for the payment of dividends of the Company is subject to the approval of the directors of the Company, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the directors of the Company may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the directors of the Company. The Company does not have any predetermined dividend payout ratio.

The Company has had a consistent dividend payment that balances the objective of appropriately rewarding shareholders through dividends and to support future growth. Dividends will generally be declared two times a year at approximately half-yearly intervals. In years of exceptional gains or other events, special dividend may be declared.

The board will review the Dividend Policy, as appropriate, to ensure its effectiveness. The audit committee will discuss any revisions that may be required, and recommend any such revisions to the board for consideration and approval.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding director's securities transactions. Having made specific enquiry of all the directors, the directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2024.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

COMPANY SECRETARY

The Company has engaged and appointed Mr. Lo Tai On, a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person with the company secretary of the Company is the Chief Financial Officer of the Company. Mr. Lo confirmed that he has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's constitutional documents.

AUDITOR'S REMUNERATION

The fees payable to the Company's auditor, Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited) in respect of annual audit, interim review and other services for the year ended 31 December 2024 amounted to HK\$413,000, HK\$72,000 and HK\$76,000 respectively.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The directors acknowledge that it is their responsibilities in preparing the consolidated financial statements. The finance department of the Company is taken charge by the Chief Financial Officer of the Company. With the assistance of the finance department, the directors ensure that the consolidated financial statements of the Group have been properly prepared in accordance with relevant regulations and applicable accounting principles. The statement of the auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 36 to 39.

RISK MANAGEMENT AND INTERNAL CONTROLS

Group Risk Management

The board has overall responsibilities for maintaining a sound and effective risk management and internal control systems of the Group. The audit committee assisted the board to fulfill its responsibility. The board recognises that risk taking is unavoidable as part of the Group's business. By appropriate risk management and continuous risk monitoring, risk taking can bring value to the Group. The board believes that risks are acceptable after prudent assessment of their impact and likelihood. The Company can protect its assets and shareholders' interests and create value simultaneously through appropriate risks management and control measures. The systems include a defined management structure with limits of authority, safeguards its assets against unauthorised use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or errors and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

Risk Assessment Approach and Risk Identification

The board has the oversight responsibility for evaluating and determining the nature and extent of the risks facing the Group and reviewing and monitoring the Group's approach to addressing these risks on a continuous basis. In addition, the board oversees management in the design, implementation and monitoring of the risk management and internal control systems.

A risk management program was carried out during the year to ensure all material risks to which the Group was exposed were properly identified, assessed, managed, monitored and reported to the audit committee and the board. Risks identification was based on enquiries with senior management from different departments. Risks were preliminary identified by senior management from the risk universe which was a collection of risks built on environmental analysis and external benchmarking that could impact the Group at the entity or specific business process level. The risk universe covered both internal and external risks, including strategic risks, operational risks, financial risks, legal and compliance risks and ESG risks. Key risk factors were then identified by integrating the results of the enquiries.

Risk Evaluation and Risk Prioritisation

Risk evaluation was the second step to assess the relative impact and likelihood of the identified key risk factors. These identified key risk factors were further assessed by a scale rating process by the senior management to evaluate their impact and likelihood. The scale rating process was further supported by face-to-face or phone interview with the senior management to assess the rationales of these identified key risk factors behind.

Risk prioritisation is a mapping exercise. A risk map was used to prioritise the identified key risk factors according to their impact and likelihood.

Corporate Governance Report

Risk Reporting, Managing and Monitoring

Risk reporting and risk monitoring are essential and integral parts of risk management. A risk assessment report was submitted to the audit committee and the board. The risk assessment report was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels. The Company has performed ongoing assessment to update the entity-level risk factors and report to the board on a regular basis.

Whistle-blowing Policy

The board adopted a whistle-blowing policy to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior. Complaints received under the whistle-blowing policy, if any, are promptly reported to the chairman of the audit committee or designated persons of the Group for investigation and to ensure accountability and transparency. The audit committee will continue to monitor and evaluate the effectiveness of the whistle-blowing policy.

Anti-corruption Policy

The board adopted an anti-corruption policy to achieve the highest standards of integrity and ethical behaviour in conducting business. The anti-corruption policy outlines specific guidelines that must be adhered to by all directors and employees of the Group and third parties dealing with the Group to effectively combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its operations. The anti-corruption policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Handling and Dissemination of Inside Information

The Group is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information and has adopted a policy on disclosure of inside information of the Group.

The handling and dissemination of inside information of the Group is strictly controlled and remains confidential including but not limited by the following ways:

1. Restrict access to inside information to a limited number of employees on a need-to-know basis;
2. Reminder to employees who are in possession of inside information to ensure that they are fully conversant with their obligations to preserve confidentiality;
3. Ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations or dealings with third parties;
4. Inside information is handled and communicated by designated persons to independent third party; and
5. The board and the senior management review the safety measures regularly to ensure inside information is properly handled and disseminated.

Internal Audit Function

A professional firm was also appointed as the Group's outsourced internal audit function (the "IA Function") to assist the board in conducting a review of certain key parts of the internal control systems of the Group. Based on the risk assessment results, the IA Function recommended a three-year internal audit plan to the management and endorsed by the board and audit committee. The scope of the internal audit review carried out during the year includes: (i) Scoping and planning audit areas as agreed with the audit committee and the board; (ii) Review of the design of internal control structure by identifying the key controls in place and determining significant gaps within the design of the controls; (iii) Testing of the key controls; and (iv) Reporting and making recommendations to the audit committee on the major design weakness in order to enhance the internal control of operation procedures, systems and controls.

Corporate Governance Report

The board also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, as well as the function relating to its ESG performance and reporting, and their training programmes and budget.

The Board's Confirmation on Risk Management and Internal Control

Based on the risk management mechanism and internal audit review activities mentioned in the aforesaid paragraphs, the board was of the opinion that the Company and the Group had maintained an effective risk management mechanism and internal control system during the financial year ended 31 December 2024.

PUBLICATION OF ESG REPORT

A discussion on environmental policies and performance is set out in pages 28 to 30 in the Directors' Report. The ESG report, in both Chinese and English versions, will be published at the same time as the publication of the annual report and available for download from the websites of the Company (www.pakfahyeow.com/investors) and the Stock Exchange (www.hkexnews.hk).

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATION

The board recognises the importance of good communication with the shareholders. Information in relation to the Group is disseminated to the shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars of the Company.

The general meetings of the Company are valuable forum for the board to communicate directly with the shareholders. The shareholders are encouraged to attend the general meetings of the Company.

An annual general meeting of the Company was held on 13 June 2024 (the "2024 AGM"). A notice convening the 2024 AGM contained in the circular dated 19 April 2024 was despatched to the shareholders together with the 2023 annual report. The executive directors namely, Mr. Gan Wee Sean, Mr. Gan Fock Wai, Stephen and Mr. Gan Cheng Hooi, Gavin, the non-executive director, Ms. Gan Fook Yin, Anita and all INEDs, namely Mr. Dell' Orto Renato, Mr. Chan Chi Chung, Simon and Mr. Leung Man Chiu, Lawrence, attended the 2024 AGM and answered questions from the shareholders. The Chairman of the meeting explained detailed procedures for conducting a poll. All the resolutions proposed at the 2024 AGM were passed separately by the shareholders by way of poll. The results of the poll were published on the websites of the Stock Exchange and the Company on 13 June 2024. No other general meeting was held during 2024.

The forthcoming annual general meeting of the Company will be held on 16 June 2025 (the "2025 AGM"). A notice convening 2025 AGM will be published on the websites of the Stock Exchange and the Company and delivered together with the 2024 annual report to the shareholders as soon as practicable in accordance with the bye-laws and the CG Code.

The Company is committed to enhancing communications and relationships with its investors. Designated senior management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The board has adopted a shareholders communication policy which sets out the Company's commitment of maintaining an effective ongoing dialogue with shareholders. In summary, the Company establishes different communication channels with shareholders and stakeholders including: (i) provision of printed or electronic copies of corporate communications; (ii) provision of timely corporate information on the company website; (iii) holding of annual general meetings to provide a platform for shareholders to raise comments and exchange views with the board; and (iv) arrangement in serving the shareholders in respect of all share registration matters.

The board reviews the implementation and effectiveness of the shareholders communication policy on an annual basis. The board considers that such policy remains effective in enhancing timely, transparent and open communication between the Company and the shareholders.

The Company also maintains a website at www.pakfahyeow.com, where updates on the Company's business developments and operations, financial information and news can be found.

Corporate Governance Report

Shareholders may at any time send their enquiries and concerns to the board in writing as follows:

Address: 11th Floor, 200 Gloucester Road, Wan Chai, Hong Kong
Email: pfy@pfy.com.hk

SHAREHOLDERS' RIGHTS

Shareholders are entitled to requisition a special general meeting and put forward proposals at general meetings. The procedures are as follows:

(a) Procedures for requisitioning a special general meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the board or the Company Secretary signed and deposited in accordance with the bye-laws of the Company, Bermuda Companies Act 1981, require the directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981.

The procedures for the shareholders to propose a person for election as a director at a general meeting is available for viewing at the Company's website at www.pakfahyeow.com.

The above procedures are subject to the bye-laws of the Company and applicable legislation and regulation from time to time.

Besides, the updated memorandum of association and bye-laws of the Company has been posted on the website of the Company at www.pakfahyeow.com and the designated website of the Stock Exchange at www.hkexnews.hk.

Directors' Report

The directors have pleasure in submitting their report and audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 33(a) to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on pages 40 and 41.

An interim dividend of HK3.0 cents per share and a special interim dividend of HK6.5 cents per share (as set out in note 10 to the consolidated financial statements) were paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK3.8 cents per share and a special final dividend of HK6.7 cents per share, amounting to total dividends for the year of HK20.0 cents per share, to the shareholders of the Company whose names appear on the register of members on 11 July 2025.

Subject to approval of the proposed final dividend and special final dividend by the shareholders at the forthcoming annual general meeting of the Company to be held on 16 June 2025, the final dividend and special final dividend will be paid to the shareholders of the Company on 8 August 2025.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 11 June 2025 to Monday, 16 June 2025, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 10 June 2025.

The register of members of the Company will also be closed from Wednesday, 9 July 2025 to Friday, 11 July 2025, both days inclusive, during which no transfer of shares will be effected. To rank for the proposed final dividend and special final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 8 July 2025.

DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$577,000. Other than the charitable donations made by the Group, the Group also made product donation of over 23,000 pieces and provided approximately HK\$18,000 worth of other items during the year.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement and Management Discussion and Analysis sections on pages 5 to 12 of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 30 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Management Discussion and Analysis section on pages 7 to 12 of this annual report. In addition, discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out below.

Directors' Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Sustainability continues to gain importance in business, presenting both risks and opportunities across economic, social and environmental aspects. Environmental performance is now a key factor for investors in their valuations and investments strategies, and for consumers in their purchasing decisions.

Our sustainability governance structure is integrated at all levels of the Group, including the board, the ESG committee (“ESG Committee”) and employees of different functional departments. This structure supports our commitment to integrating environmental considerations into our business strategies.

The board holds ultimate responsibility for the Group’s ESG strategy, management, performance and reporting through the support of the ESG Committee. The board examines and approves the Group’s ESG objectives, strategies, priorities, targets and goals, as well as the related policies and frameworks. The board receives reports periodically from the ESG Committee on ESG risks and opportunities, the progress of the ESG targets and their impact on the Group’s business. In 2023, the Group strengthened its environmental commitments by setting more specific and quantitative targets in relation to greenhouse gas (“GHG”) emissions, waste disposal, energy consumption and water consumption. With the effort of the ESG Committee, the board began to monitor the progress towards reaching the targets during the year.

The ESG Committee, chaired by an executive director, assists the board in fulfilling the board’s oversight responsibilities. The ESG Committee has an overarching role in supporting the board on ESG matters and oversees the implementation of the ESG initiatives of the Group, including reviewing the related policies, practices and management approach. The ESG Committee also formulates the Group’s ESG objectives, strategies, priorities, initiatives, goals and targets for the board’s endorsement. In addition, the ESG committee is responsible for coordinating ESG matters, compiling ESG reports, monitoring the relevant work progress, and reports to the board on a regular basis.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Raw Materials Management

It is vital for the Group to establish an effective raw materials management in order to minimise the risk of cost fluctuations due to the shortage of raw materials, as well as to help protecting endangered plants. Employees are provided with guidelines on handling storage of raw materials to ensure efficient use of resources through reduction at source, reuse and recycling. The Group has also stated its commitment in achieving natural resources conservation in the policy on Environment and the Responsible Use of Natural Resources.

Waste Management

The Group has established step-by-step instructions on managing different types of wastes to ensure employees handle wastes correctly according to relevant laws and regulations and minimise negative impacts on the environment. For healthcare product manufacturing, waste oil generated from the factory and laboratory organic waste generated from the laboratory are collected and handled periodically by EPD-approved collectors for further treatment. For office, both domestic waste and paper waste are collected and handled by the property management service provider. While the scope of recycling initiatives has been gradually expanding to other recyclable items including glass bottles, plastic bottles, aluminum cans and storage drums, the amount significantly reduced due to a reduction in consumption as well as reduced transportation damage.

Regarding waste generated from packaging materials, the Group has taken the initiative to explore the feasibility of reducing plastic packaging in selected products and using biodegradable plastic for packaging. Looking ahead, the Group will dedicate efforts in further improving its packaging in line with its environmental goals and good industrial practice.

Directors' Report

GHG Management

The Group has engaged an independent consultant to conduct GHG calculation of its healthcare business in Hong Kong for the year. Electricity consumption is the largest contributor to the Group's GHG emissions. Furthermore, the Group made contribution to three environmental projects by purchasing and retiring voluntary certified emission reductions ("CERs"), and thereby a total of 200 tCO₂e (53.1% of the Group's total emission) of GHG have been offset from the Group's total GHG emissions during the year.

During the year, there was no incident of non-compliance with the relevant environmental laws and regulations, including but not limited to the Air Pollution Control Ordinance, the Water Pollution Control Ordinance and the Waste Disposal Ordinance that would have a significant impact on the Group's business operations and financial performance. For further details on the Group's environmental measures and performance, please refer to the Group's standalone ESG report.

Climate Change

Climate change impacts are manifesting all around the world. The Group is well aware of the profound and long-term impact of climate change imposed on the Group's business operations. Therefore, the Group strives to strengthen its resilience against climate change by identifying related challenges and by developing strategies in line with global best practices to mitigate and adapt to the impact of climate change on its operations. During the year, the Group underwent a climate change assessment to identify climate-related risks and opportunities to its business and formulated relevant measures to manage them.

RELATIONSHIPS WITH MAJOR STAKEHOLDERS

The Group is committed to communicating with key internal and external stakeholders through various channels. The Group's major stakeholders are employees, customers and suppliers.

Employees

Being a signatory of the Good Employer Charter 2024, the Group pledges to provide a quality workplace for employees. The Group has:

- Implemented a set of employment policies to ensure employees are remunerated equitably and competitively.
- Provided a safe and healthy working environment for employees. The safety management system is confirmed in the result of annual safety review conducted by a third party to be satisfactory. There were no cases of work-related fatality and one case of work-related injury during the year.
- Provided employees with approximately 757 hours of training during the year, including external ESG-related training, thereby ensuring competency within the Group.

Customers

The Group's major customers are distributors and end users.

- The Group's relationships with major distributors ranges from a few years to over 30 years. Most distributors pay for their orders either in advance or through a letter of credit. Approximately 60.9% of the Group's total revenue during the year was generated from its five largest distributors.
- The degree of the Group's success depends heavily on customers which directly impact the Group's financial performance, and this may in turn lead to uncertainty in its financial performance. To achieve better results, the Group is investing more resources on its advertising and in organising marketing activities to expand the customer base and its product portfolio, and improve its geographical segment results. The Group also evaluates the performance of potential or existing distributors and communicates with them on a regular basis to ensure they could meet the requirements as set forth by the Group.
- Certificate of HALAL Product, guaranteeing that those products meet the requirements of Islamic Law, is still valid for certain Group's products.

Directors' Report

- Reviewed customer satisfaction regularly to understand their view on quality regarding our products and services.
- Intellectual property rights are protected through registration of trademarks and design marks as well as rules for employees to observe the intellectual property rights of others.

Suppliers

The relationship with the Group's suppliers is critical to its long-term business success and the Group takes a collaborative approach in regularly engaging with its suppliers across its operations.

- The Group's key suppliers are raw and packaging materials suppliers based in Hong Kong, Australia, Taiwan and the United States, all with over 15 years of business relationship. The credit period granted from the major suppliers is 30 to 60 days. During the year, the combined value of the Group's purchases from its five largest suppliers was approximately 84.5% of the total value of supplies purchased.
- The Group has implemented guidelines for selecting and introducing new suppliers and/or new products to its offering.
- The Group regularly review the internal policies relating to supply chain management as well as selection criteria to minimise environmental and social risks along the supply chain.
- The Group has designed and implemented a self-evaluation and assessment scheme for all vendors to manage environmental and social risks in the supply chain.

COMMUNITY INVESTMENT

The Group does not only focus on serving vulnerable communities in Hong Kong, but has also been working relentlessly on fundraising and collaborating with charities at both the national and local levels.

With healthcare as our core business segment, we have continued and extended our support for healthcare. The Group organised a drawing competition with "Share your loving kindness" as the theme, and donated cash to ORBIS in an amount corresponding to the total number of entries received. Furthermore, sponsorships of our products and cash donations were made to selected beneficiaries in various sports and fundraising activities throughout the year.

To extend our loving care to the community, staff members volunteered in charity sales organised by the Group for supporting elderly services, humanitarian services as well as combating climate change.

In addition to donating mooncakes and cash to Food Angel, staff members also participated in its food assistance programme, preparing vegetables to be included in meal boxes that would later be distributed to people who are in need.

Through targeted donations and volunteer activities, the Group demonstrated its dedication to social responsibility and alignment with ESG objectives.

AWARDS AND RECOGNITIONS

In recognition of the Group's overall ESG performance, it has been granted the "ESG Special Recognition Award" in TVB ESG Awards 2024. We are also proud to be awarded the "15 Years Plus Caring Company" logo by The Hong Kong Council of Social Service in recognition of our continual positive contribution in the areas of caring for the community, employees as well as the environment. Looking ahead, the Group will continue to adhere to high management standards and also remain vigilant and responsive to challenges in its business environment in various aspects.

PERMITTED INDEMNITY

The Company's bye-laws provides that the directors shall be entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by reason of any act done, concurred in or omitted in or about the execution of their duties or supposed duties except those that they have incurred or sustained through their own wilful neglect or default, fraud and dishonesty respectively. In addition, liability insurance for directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal actions against the directors.

Directors' Report

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 43 and 44 and in note 33(b) to the consolidated financial statements respectively.

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2024 amounted to HK\$128,689,000 (2023: HK\$112,169,000).

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 101.

INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

All the properties of the Group are carried at their revalued amounts.

Movements in the investment properties and property, plant and equipment of the Group during the year are set out in notes 12 and 13 to the consolidated financial statements respectively.

PROPERTIES

Particulars of the property interests of the Group are set out on page 102.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

In 2012, the Group completed the acquisition of the trademarks relating to the White Flower Embrocation and White Flower Ointment for Hoe Hin products registered in Malaysia and Singapore from Mr. Gan Wee Sean, an executive director and a major shareholder of the Company, at a total consideration of HK\$19,600,000. The consideration is payable by 70 equal annual installments of HK\$280,000 each. The acquisition of trademarks constituted a connected transaction as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Details are set out in the announcement of the Company dated 8 September 2009 and in note 14 to the consolidated financial statements.

During the year, there was no other material connected transaction nor continuing connected transaction which need to be disclosed pursuant to Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in notes 14 and 29 to the consolidated financial statements. Save as disclosed in "CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS" above, the related party transactions did not constitute connected transactions which is required to be disclosed under the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PRE-EMPTIVE RIGHTS

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

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into during the year or subsisted at the end of the year.

Directors' Report

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive Directors

Mr. Gan Wee Sean (*Chairman and Chief Executive Officer*)

Mr. Gan Fock Wai, Stephen

Mr. Gan Cheng Hooi, Gavin

Non-executive Director

Ms. Gan Fook Yin, Anita

Independent Non-executive Directors ("INED(s)")

Mr. Leung Man Chiu, Lawrence

Mr. Dell' Orto Renato

Mr. Chan Chi Chung, Simon

Pursuant to the bye-laws of the Company, Ms. Gan Fook Yin, Anita, Mr. Dell' Orto Renato and Mr. Chan Chi Chung, Simon, being the Directors longest in office since their last re-election, shall retire by rotation from office at the forthcoming annual general meeting. All the retiring directors, being eligible, shall offer themselves for re-election.

The term of services of the non-executive director and the INEDs, namely Ms. Gan Fook Yin, Anita, Mr. Leung Man Chiu, Lawrence, Mr. Dell' Orto Renato and Mr. Chan Chi Chung, Simon is for two years from 23 September 2024, 1 October 2024, 30 September 2024 and 30 September 2024 respectively.

The Company has received written confirmation from each of the INEDs as regards their independence to the Company and considers that each of the INEDs is independent to the Company.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2024, the interests and short positions of the directors and chief executive in the shares of the Company and associated corporations, as defined in Part XV of the SFO and as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in shares of the Company

Name of director	Number of shares held			Total	Percentage of issued shares of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	27,208,322	2,380,560 (Note 1)	65,323,440 (Note 2)	94,912,322 (Note 2)	30.46%
Mr. Gan Fock Wai, Stephen	10,746,879	–	62,527,920 (Note 3)	73,274,799 (Note 3)	23.51%
Ms. Gan Fook Yin, Anita	1,190,280	–	–	1,190,280	0.38%

Directors' Report

Long positions in non-voting deferred shares of associated corporations

Name of director	Number of shares held			Total	Percentage of issued non-voting deferred shares of the respective corporations
	Personal interests	Family interests	Corporate interests		
(a) Hoe Hin Pak Fah Yeow Manufactory Limited (non-voting deferred shares of HK\$1,000 each)					
Mr. Gan Wee Sean	8,600	800 (Note 1)	–	9,400	42.7%
Mr. Gan Fock Wai, Stephen	2,800	–	–	2,800	12.7%
(b) Pak Fah Yeow Investment (Hong Kong) Company, Limited (non-voting deferred shares of HK\$1 each)					
Mr. Gan Wee Sean	8,244,445	711,111 (Note 1)	–	8,955,556	42.2%
Mr. Gan Fock Wai, Stephen	2,800,000	–	–	2,800,000	13.2%

Notes:

- Madam Khoo Phaik Gim, wife of Mr. Gan Wee Sean, beneficially owned 2,380,560 shares of the Company, 800 non-voting deferred shares of Hoe Hin Pak Fah Yeow Manufactory Limited and 711,111 non-voting deferred shares of Pak Fah Yeow Investment (Hong Kong) Company, Limited.
- These 65,323,440 shares were beneficially owned by Hexagan Enterprises Limited, a company wholly-owned by Mr. Gan Wee Sean and his wife, Madam Khoo Phaik Gim.
- These 62,527,920 shares were beneficially owned by Gan's Enterprises Limited, a company in which Mr. Gan Fock Wai, Stephen has an interest of approximately 32 percent.

Other than as disclosed above, none of the directors or chief executives, nor their associates, had any interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than as disclosed in notes 7 and 14 to the accompanying consolidated financial statements, no other transactions, arrangements or contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

Mr. Gan Wee Sean and Mr. Gan Fock Wai, Stephen respectively entered into a service agreement with the Company on 28 November 1991 for a term of two years and one month commencing from 1 December 1991. The appointment shall continue thereafter subject to termination by either party giving not less than 6-month notice in writing to the other party pursuant to the terms of the service agreement. Accordingly, the appointment continued upon completion of the initial term on 31 December 1993.

On 12 December 2014, a supplemental agreement to service agreement was entered into between the Company and Mr. Gan Wee Sean, an executive director, pursuant to which the contracting parties had agreed to revise the maximum amount of long service payment payable to Mr. Gan Wee Sean from HK\$8,000,000 to HK\$12,000,000 when he reached the age of 70.

Directors' Report

In August 2016, Mr. Gan Wee Sean received his first long service payment of HK\$10,347,000 as he reached the age of 70, according to the supplemental agreement dated 12 December 2014. Pursuant to the supplemental agreement dated 26 October 2016, the appointment of Mr. Gan Wee Sean was extended for three years and the aggregate amount of the first and extended long service payments shall not exceed HK\$12,000,000.

Pursuant to the supplemental agreement dated 18 June 2019, the appointment of Mr. Gan Wee Sean was extended for three years commencing from 17 June 2019.

Pursuant to the supplemental agreement dated 18 June 2022, the appointment of Mr. Gan Wee Sean has been extended for three years commencing from 17 June 2022.

The service agreement dated 23 September 2015 entered into between the Company and Mr. Gan Cheng Hooi, Gavin, an executive director, which was originally for a term of three years from 23 September 2015, was renewed for a term of three years commencing from 23 September 2018 unless terminated pursuant to the termination clause in the service agreement which, amongst others, entitle either party to terminate the appointment by giving not less than 3-month notice in writing to the other party.

The service agreement dated 23 September 2021 was entered into between the Company and Mr. Gan Cheng Hooi, Gavin, which was originally for a term of three years from 23 September 2021, was renewed for a term of three years commencing from 23 September 2024 unless terminated pursuant to the termination clause in the service agreement which, amongst others, entitle either party to terminate the appointment by giving not less than 3-month notice in writing to the other party.

Save as disclosed above, none of the directors 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.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the interests or short positions of every person, other than the directors and their respective associates as disclosed in "DIRECTORS' INTERESTS IN SECURITIES" above, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Long positions in the shares and underlying shares of the Company

Name of shareholder	Number of shares held			Total	Percentage of issued shares of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Jonathan William Brooke	21,815,000	–	15,582,500	37,397,500	12.00%

Note: Mr. Jonathan William Brooke holds 100% issued shares of Brooke Capital Limited and Fort Galle Limited. Out of 15,582,500 shares of the Company, 15,147,500 shares are held by Brooke Capital Limited and the remaining 435,000 shares are held by Fort Galle Limited. Accordingly, Mr. Jonathan William Brooke is deemed to be interested in these 15,582,500 shares.

Save as disclosed above and the directors as disclosed in the "Directors' Interest in Securities", as at 31 December 2024, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for 60.9% of the total revenue of the Group in 2024 with the largest customer accounting for 17.8%.

The five largest suppliers of the Group accounted for 84.5% of the total purchases of the Group in 2024 with the largest supplier accounting for 35.7%.

To the best of the directors' knowledge, no director of the Company or any of its subsidiaries, their close associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the five largest customers or suppliers referred to above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or subsisted during the year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules except for the following deviation:

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the board of directors, was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with other executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the board as well as senior management. The board has one non-executive director and also three INEDs who offer different independent perspectives. Therefore, the board is of the view that there are adequate balance of power and safeguards in place. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited), Certified Public Accountants. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Forvis Mazars CPA Limited as auditor of the Company.

On behalf of the Board

Pak Fah Yeow International Limited

GAN Wee Sean

Chairman

Hong Kong, 27 March 2025

Independent Auditor's Report



Forvis Mazars CPA Limited
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To the shareholders of
Pak Fah Yeow International Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Pak Fah Yeow International Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 40 to 100, which comprise the consolidated statement of financial position as at 31 December 2024, and 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 financial position of the Group as at 31 December 2024, and of its financial performance and 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 (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matter

How the matter was addressed in our audit

Valuation of investment properties and leasehold land and buildings

Refer to notes 12, 13 and 32(b) to the consolidated financial statements

As at 31 December 2024, investment properties and leasehold land and buildings held by the Group were stated at fair value of HK\$227,040,000 and HK\$264,599,000 respectively.

Significant estimation and judgement are applied by management to determine the fair value of the investment properties and the leasehold land and buildings, including the determination of valuation techniques and the selection of different inputs in the models. Therefore, it is considered as a key audit matter. Management has engaged independent professional valuers in the United Kingdom, Singapore and Hong Kong (the "Valuers") whose work has been relied on in the estimation of the fair values of the investment properties and the leasehold land and buildings.

Our key audit procedures over valuation of investment properties and leasehold land and buildings included:

- Understanding management's key controls over the fair value assessment process.
- Evaluating the competence, capabilities and objectivity of the Valuers.
- Assessing the appropriateness of the work of the Valuers by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data.
- Considering the relevance and reasonableness of key assumptions and methods used, the relevance and accuracy of the source data used and the adequacy of the disclosure of the fair value measurement of the investment properties and leasehold land and buildings.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Yip Ngai Shing
Practising Certificate number: P05163

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	236,759	259,158
Other revenue	4	156	154
Other net income	5	555	284
Changes in inventories of finished goods		(874)	(2,276)
Raw materials and consumables used		(31,745)	(38,023)
Staff costs		(43,289)	(44,035)
Depreciation expenses		(7,383)	(7,388)
Net exchange (loss) gain		(2,684)	10
Other operating expenses	6	(28,166)	(24,424)
Profit from operations before fair value changes of financial assets through profit or loss and of investment properties		123,329	143,460
Net gain on financial assets at fair value through profit or loss		1,061	1,345
Revaluation deficit in respect of investment properties	12	(26,043)	(15,384)
Profit from operations		98,347	129,421
Finance costs	6	(584)	(615)
Profit before taxation	6	97,763	128,806
Taxation	9	(19,134)	(23,767)
Profit for the year, attributable to owners of the Company		78,629	105,039

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Other comprehensive (loss) income			
<i>Item that will not be reclassified to profit or loss:</i>			
Revaluation deficit of leasehold land and buildings, net of tax effect of HK\$8,488,000 (2023: HK\$872,000)		(42,953)	(4,418)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising from translation of financial statements of overseas subsidiaries		(1,988)	5,149
Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments		40	(132)
		(1,948)	5,017
Other comprehensive (loss) income for the year, net of tax, attributable to owners of the Company		(44,901)	599
Total comprehensive income for the year, attributable to owners of the Company		33,728	105,638
		<i>HK</i>	<i>HK</i>
Earnings per share			
Basic and diluted	11	25.2 cents	33.7 cents

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties	12	227,040	255,264
Property, plant and equipment	13	268,690	326,596
Intangible assets	14	2,450	2,450
Financial assets at fair value through profit or loss	15	4,867	4,898
Deferred tax assets	24	1,066	983
		504,113	590,191
Current assets			
Inventories	16	12,083	12,197
Trade and other receivables	17	33,217	27,470
Financial assets at fair value through profit or loss	15	14,202	12,094
Tax recoverable		3,921	–
Bank balances and cash	18	275,818	265,513
		339,241	317,274
Current liabilities			
Bank borrowings, secured	19	4,204	4,737
Current portion of deferred income	22	294	287
Trade and other payables	20	13,941	21,970
Tax payable		1,406	16,323
Dividends payable		1,042	868
		20,887	44,185
Net current assets		318,354	273,089
Total assets less current liabilities		822,467	863,280
Non-current liabilities			
Long-term portion of consideration payable for acquisition of trademarks	21	2,073	2,073
Long-term portion of deferred income	22	39,693	39,050
Provision for directors' retirement benefits	23	6,465	5,959
Deferred tax liabilities	24	42,328	51,015
		90,559	98,097
NET ASSETS		731,908	765,183
Capital and reserves			
Share capital	25	15,582	15,582
Share premium and reserves	26	716,326	749,601
TOTAL EQUITY		731,908	765,183

These consolidated financial statements on pages 40 to 100 were approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by

GAN Wee Sean
Director

GAN Fock Wai, Stephen
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium (Note 26) HK\$'000	Properties revaluation reserve (Note 26) HK\$'000	Exchange reserve (Note 26) HK\$'000	Proposed dividends HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	
At 1 January 2023	15,582	21,997	243,037	(42,300)	21,191	447,718	691,643	707,225
Profit for the year	-	-	-	-	-	105,039	105,039	105,039
Other comprehensive (loss) income for the year	-	-	(4,418)	5,017	-	-	599	599
Total comprehensive (loss) income attributable to owners of the Company	-	-	(4,418)	5,017	-	105,039	105,638	105,638
Transfer	-	-	(4,676)	-	-	4,676	-	-
Transactions with owners:								
<i>Distributions to owners</i>								
Interim dividend declared (Note 10)	-	-	-	-	-	(9,349)	(9,349)	(9,349)
Special interim dividend declared (Note 10)	-	-	-	-	-	(17,140)	(17,140)	(17,140)
Final dividend proposed (Note 10)	-	-	-	-	11,842	(11,842)	-	-
Special final dividend proposed (Note 10)	-	-	-	-	25,555	(25,555)	-	-
Final dividend in respect of previous years approved (Note 10)	-	-	-	-	(11,842)	-	(11,842)	(11,842)
Special dividend in respect of previous years approved (Note 10)	-	-	-	-	(9,349)	-	(9,349)	(9,349)
Total transactions with owners	-	-	-	-	16,206	(63,886)	(47,680)	(47,680)
At 31 December 2023	15,582	21,997	233,943	(37,283)	37,397	493,547	749,601	765,183

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the Company							Total HK\$'000
	Share capital	Share premium	Properties revaluation reserve	Exchange reserve	Proposed dividends	Retained profits	Sub-total	
	HK\$'000	(Note 26) HK\$'000	(Note 26) HK\$'000	(Note 26) HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024	15,582	21,997	233,943	(37,283)	37,397	493,547	749,601	765,183
Profit for the year	-	-	-	-	-	78,629	78,629	78,629
Other comprehensive loss for the year	-	-	(42,953)	(1,948)	-	-	(44,901)	(44,901)
Total comprehensive (loss) income attributable to owners of the Company	-	-	(42,953)	(1,948)	-	78,629	33,728	33,728
Transfer	-	-	(4,469)	-	-	4,469	-	-
Transactions with owners:								
<i>Distributions to owners</i>								
Interim dividend declared (Note 10)	-	-	-	-	-	(9,349)	(9,349)	(9,349)
Special interim dividend declared (Note 10)	-	-	-	-	-	(20,257)	(20,257)	(20,257)
Final dividend proposed (Note 10)	-	-	-	-	11,842	(11,842)	-	-
Special final dividend proposed (Note 10)	-	-	-	-	20,880	(20,880)	-	-
Final dividend in respect of previous years approved (Note 10)	-	-	-	-	(11,842)	-	(11,842)	(11,842)
Special dividend in respect of previous years approved (Note 10)	-	-	-	-	(25,555)	-	(25,555)	(25,555)
Total transactions with owners	-	-	-	-	(4,675)	(62,328)	(67,003)	(67,003)
At 31 December 2024	15,582	21,997	186,521	(39,231)	32,722	514,317	716,326	731,908

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES			
Cash generated from operations	27(a)	107,045	152,286
Dividend received		144	148
Interest received		10,281	4,381
Interest paid		(304)	(335)
Income taxes paid		(38,210)	(8,581)
Net cash generated from operating activities		78,956	147,899
INVESTING ACTIVITIES			
(Increase) Decrease in time deposits with original maturity of more than three months when acquired		(2,255)	19,713
Purchase of property, plant and equipment		(937)	(3,061)
Net cash (used in) generated from investing activities		(3,192)	16,652
FINANCING ACTIVITIES	27(b)		
Consideration paid for acquisition of trademarks		(280)	(280)
Net repayment of bank borrowings		(434)	(1,054)
Dividends paid		(66,829)	(47,629)
Net cash used in financing activities		(67,543)	(48,963)
Net increase in cash and cash equivalents		8,221	115,588
Cash and cash equivalents at beginning of the reporting period		262,660	146,875
Effect of foreign exchange rate changes		(171)	197
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash	18	270,710	262,660

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

1. GENERAL

Pak Fah Yeow International Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of its business is 11th Floor, 200 Gloucester Road, Wan Chai, Hong Kong. The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacture and sale of healthcare products, treasury and property investments and investment holding. The Company and its subsidiaries are herein collectively referred to as the “Group”.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and in compliance with the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for a debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new/revised HKFRSs (Continued)

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this Interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties, leasehold land and buildings and financial assets at fair value through profit or loss ("FVPL"), which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. 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.

Investment properties

Investment properties are land and/or building that are held by the owner or lessee to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment properties is based on valuations by independent valuers who hold recognised professional qualifications and have recent experience in the location and category of the property being valued.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, except for leasehold land and buildings held for own use, are stated at cost less accumulated depreciation and accumulated 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. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Leasehold land and buildings held for own use are stated at revalued amount, being the fair value at the date of valuation less accumulated depreciation and accumulated impairment losses. Fair value is determined based on valuations performed periodically by independent valuers who hold recognised professional qualification and have recent experience in the location and category of the property being valued. Increases in valuation are credited to the properties revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same asset and are thereafter charged to profit or loss. Any subsequent increases are credited to profit or loss up to the amount previously charged and thereafter to properties revaluation reserve. At the end of each reporting period, the amount of the revaluation surplus (calculated as the difference between depreciation based on the revalued carrying amount of the leasehold land and buildings and depreciation based on their original cost) is transferred from properties revaluation reserve to retained profits. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or valuation less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

Leasehold land	Over the relevant lease term
Buildings situated on leasehold land	50 years or over the relevant lease term, whichever is shorter
Plant and machinery	10 – 15 years
Furniture, fixtures and equipment	5 – 15 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Intangible assets

Acquired intangible assets are measured on initial recognition at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

The useful lives of the Group's intangible assets are assessed as indefinite.

Gains or losses arising from derecognition of the Group's intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, the investments in subsidiaries are stated at cost less impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis except for financial assets mandatorily measured at FVPL which are accounted for on the settlement date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; or (ii) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first interim reporting period following the change in the business model.

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables and bank balances and cash.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

2) *Financial assets at FVPL*

These investments include financial assets held for trading. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's short-term dual currency deposits are in the nature of repaid financial instruments under HKSA since they are measured at fair value with changes in fair value recognised in profit or loss, the embedded derivatives are not separately accounted for.

The Group's financial assets mandatorily measured at FVPL include equity securities, debt securities, private equity fund and mutual funds and dual currency deposits.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, consideration payable for acquisition of trademarks and bank borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is initially recognised as deferred income within trade and other payables at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated).

Subsequently, the financial guarantee is measured at the higher of (i) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with HKFRS 15: Revenue from contracts with Customers and (ii) the amount of the loss allowance determined in accordance with the expected credit losses ("ECL") model under HKFRS 9: *Financial Instruments*, unless the financial guarantee is measured at FVPL or arises from a transfer of a financial asset.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items

The Group recognises loss allowances for ECL on financial assets that are measured at amortised cost, lease receivables and financial guarantee contracts issued to which the impairment requirements apply in accordance with HKFRS 9: Financial Instruments. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equals to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equals to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (that is, the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. For lease receivable, the cash flows used for determining the ECL should be consistent with the cash flow used in measuring the lease receivable in accordance with HKFRS 16: *Leases*.

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on certain shared credit risk characteristics, such as past due information, nature of instrument, geographical location of debtors and external risk ratings.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria:

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 30(a) to these consolidated financial statements, bank balances and other receivables are determined to have low credit risk.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Simplified approach of ECL

For trade and bills receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and 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.

Credit-impaired financial asset

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

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (that is, the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend are 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.

Realised gain or loss on financial assets at FVPL

Realised gain or loss on financial assets at FVPL is recognised on a trade date basis whilst unrealised gain or loss on financial assets at FVPL is recognised to restate to their fair value at the end of the reporting period.

Revenue from contracts with customers within HKFRS 15

Nature of goods

The nature of the goods provided by the Group is Hoe Hin brand of products.

Identification of performance obligations

At contract inception, the Group assesses the goods promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good (or a bundle of goods) that is distinct; or
- (b) a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer.

A good that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good either on its own or together with other resources that are readily available to the customer (that is, the good is capable of being distinct); and
- (b) the Group's promise to transfer the good to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good is distinct within the context of the contract).

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good (that is, an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of Hoe Hin brand of products is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed. Revenue is after deduction of any trade discounts.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Variable consideration: rebates and chain-store discounts

The Group gives rebates to selected customers and discounts to selected chain-stores. The Group estimates the rebates and discounts using the most-likely-amount method and assesses whether the estimated variable consideration is constrained with reference to the agreed percentages of rebates and estimated annual sales. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is constrained.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Contract assets and contract liabilities

If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

In accordance with the standard payment terms of the Group, payments are normally not due or received from the customer until when the goods are delivered, although the Group may request from the customer the whole or some of the contractual payments before the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue.

Rebate/Discount liabilities

The Group recognises a rebate/discount liability if the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. A rebate/discount liability is measured at the amount of consideration received (or receivable) for which the Group does not expect to be entitled (that is, amounts not included in the transaction price). The rebate/discount liability (and the corresponding change in the transaction price and, therefore, the contract liability) is updated at the end of each reporting period for changes in circumstances.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

The results and financial position of all the group entities that have a functional currency different from the presentation currency (“foreign operations”) are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.
- Income and expenses for each statement of comprehensive income are translated at average exchange rate.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in a separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.
- On the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its intangible assets and property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that have indefinite useful lives and intangible assets that are not yet available for use for impairment by estimating their recoverable amount on an annual basis and whether there is an indication that those assets may be impaired. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (that is, cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, except where the relevant asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease in accordance with the accounting policy relevant to that asset.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately, except where the relevant asset is carried at revalued amount, in which case the reversal of impairment loss is treated as a revaluation increase in accordance with the accounting policy relevant to that asset.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34: *Interim financial reporting* in respect of the first six months of a financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plan

The Group operates a Mandatory Provident Fund (“MPF”) scheme for all employees in Hong Kong. The MPF scheme is registered with the Mandatory Provident Fund Scheme Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF scheme are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF scheme, each of the employer and its employees are required to contribute 5% of the relevant payroll costs of each eligible employee to the MPF, subject to a maximum of HK\$1,500 per month. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Defined contribution plan (Continued)

The total employee service cost charged to profit or loss of approximately HK\$899,000 for the year ended 31 December 2024 (2023: approximately HK\$824,000) represented contribution paid and payable to this scheme by the Group in respect of the current year.

Long service payments

The Group's net obligations in respect of long service payment under the Employment Ordinance and directors' retirement scheme benefits are the amounts of future benefit that employees and directors have earned in return for their services in the current and prior periods. The obligations related to employees are calculated using the projected unit credit method and discounted to their present values and after deducting the fair value of any related assets, including retirement scheme benefits. The obligations related to directors' retirement benefits are calculated on the monthly salaries up to the retirement age set in the Group's human resources policy or the appointment period stated in the service agreements but subject to the maximum amounts specified in their respective service contracts.

On 9 June 2023, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2023 (the "Amendment Ordinance") was enacted (the "Enactment") whereby the main provision is to abolish the employers' statutory right to offset long service payments ("LSP") or severance payments ("SP") payable to employees against the employers' contributions to mandatory provident fund ("MPF") scheme (the "Abolition") and which is to take effect from 1 May 2025 (the "Transition Date"), with no retrospective effect.

After the Abolition, an employer can continue to use the accrued benefits derived from its MPF contributions (whether made before, on or after the Transition Date) to offset an employee's pre-transition portion of LSP or SP and offset the amount of post-transition LSP or SP payable to an employee with its voluntary contributions to MPF.

The pre-transition portion of LSP or SP for a monthly-rated employee is to be calculated on the basis of two-thirds of the employee's monthly wages (with a maximum of HK\$22,500) immediately preceding the Transition Date and the number of years of service before that date. The post-transition portion of LSP or SP earned on or after the Transition Date is to be calculated on the basis of two-thirds of the employee's last monthly wages (with a maximum of HK\$22,500) immediately before the termination of employment and the number of years of service after the Transition Date.

In addition, a 25-year subsidy scheme will be introduced by the government to provide financial assistance to employers after the Abolition up to a certain amount per employee per year with a cap.

Borrowing costs

Borrowing costs incurred that are directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sales, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sales. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Share capital

Ordinary shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the relevant jurisdictions in which a group entity 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 in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that 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 is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxable authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if 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 the parent of the Group.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities 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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker, namely, the executive directors, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products or services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

(i) Valuation of investment properties and leasehold land and buildings

Investment properties and leasehold land and buildings held by the Group are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have made reference to recent market transaction prices/market rent, etc. of similar properties and adjusted to the condition of the Group's investment properties and leasehold land and buildings. In relying on the valuation report, management of the Group has exercised its judgement and is satisfied that the techniques and assumptions applied by the valuers are appropriate. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and leasehold land and buildings which would be recognised in profit or loss or properties revaluation reserve.

(ii) Revenue from contracts with customers within HKFRS 15

Estimation and constraint of variable consideration

The sale of Hoe Hin brand of products includes rebates and chain-store discounts that give rise to variable consideration. In estimating the variable consideration, the Group applies the most-likely-amount method to predict the entitled amount.

The Group determines that the most-likely-amount method is appropriate to estimate the variable consideration arising from rebates and chain-store discounts because there is usually a single volume threshold contained in the contract.

Before including any estimated amount of variable consideration in the transaction price, the Group considers whether it is constrained based on the historical experience, business forecast and the current economic conditions.

(iii) Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial assets. Details of the key assumptions and inputs used in estimating ECL are set out in note 30(a) to these consolidated financial statements.

(iv) Allowance for inventories

The Group's management reviews the condition of inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving items that are identified as no longer recoverable or suitable for use in production. Management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

Critical judgements made in applying accounting policies

(i) Lease terms of contracts with extension options – as lessor

Lease terms are determined as the non-cancellable period of a lease, including periods covered by an option to extend if the lessee is reasonably certain to exercise the extension option, and periods covered by an option to terminate if the lessee is reasonably certain not to exercise the termination option.

The Group has lease contracts that include extension options. In assessing whether the lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group applies judgement and considers all relevant facts and circumstances that create an economic incentive to extend or terminate the leases.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and which affects whether the lessee is reasonably certain to exercise an extension option.

(ii) Classification of leases – as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date which involves the overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. As part of the assessment, the Group considers all the relevant factors including the contractual terms and the circumstances of the contractual parties to determine the substance of the transaction.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

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

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 periods beginning on or after 1 January 2027

⁴ The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions and resources allocation. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- a) Healthcare – manufacture and sale of Hoe Hin brand of products
- b) Property investments
- c) Treasury investments

Each of the Group's operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

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Year ended 31 December 2024

3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the purposes of assessing the performance of the operating segments between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors' emoluments, office staff salaries, legal and professional fees and central administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than deferred tax assets, tax recoverable and other corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, provision for directors' retirement benefits, tax payable, dividends payable and other corporate liabilities.

Business segments

	Year ended 31 December 2024			
	Healthcare HK\$'000	Property investments HK\$'000	Treasury investments HK\$'000	Consolidated HK\$'000
Revenue from external customers	217,367	9,111	10,281	236,759
Segment results	127,752	(18,483)	9,519	118,788
Unallocated corporate expenses				(20,441)
Profit from operations				98,347
Finance costs				(584)
Profit before taxation				97,763
Taxation				(19,134)
Profit for the year				78,629
Assets				
Segment assets	360,292	228,193	248,616	837,101
Unallocated corporate assets				6,253
Consolidated total assets				843,354
Liabilities				
Segment liabilities	12,578	45,143	–	57,721
Unallocated corporate liabilities				53,725
Consolidated total liabilities				111,446
Other information				
Additions to non-current assets	(590)	(347)	–	(937)
Depreciation expenses	(7,262)	(121)	–	(7,383)
Revaluation deficit in respect of investment properties	–	(26,043)	–	(26,043)
Revaluation deficit of leasehold land and buildings (in other comprehensive income)	(42,953)	–	–	(42,953)
Net gain on financial assets at fair value through profit or loss	–	–	1,061	1,061

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Year ended 31 December 2023			Consolidated HK\$'000
	Healthcare HK\$'000	Property investments HK\$'000	Treasury investments HK\$'000	
Revenue from external customers	245,165	9,612	4,381	259,158
Segment results	150,635	(7,130)	5,543	149,048
Unallocated corporate expenses				(19,627)
Profit from operations				129,421
Finance costs				(615)
Profit before taxation				128,806
Taxation				(23,767)
Profit for the year				105,039
Assets				
Segment assets	441,720	257,022	206,713	905,455
Unallocated corporate assets				2,010
Consolidated total assets				907,465
Liabilities				
Segment liabilities	19,969	45,135	–	65,104
Unallocated corporate liabilities				77,178
Consolidated total liabilities				142,282
Other information				
Additions to non-current assets	(2,535)	(526)	–	(3,061)
Depreciation expenses	(7,362)	(26)	–	(7,388)
Revaluation deficit in respect of investment properties	–	(15,384)	–	(15,384)
Revaluation deficit of leasehold land and buildings (in other comprehensive income)	(4,418)	–	–	(4,418)
Net gain on financial assets at fair value through profit or loss	–	–	1,345	1,345

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's businesses cover Hong Kong, Macau, other regions in the People's Republic of China (the "PRC" or "Mainland China"), Southeast Asia, North America and the United Kingdom.

The following tables provide an analysis of the Group's revenue and results from operations by geographical location of customers and geographical location of the related assets for healthcare products, property investment and treasury investment operations:

	Revenue from external customers		Results from operations	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
China (Note)	179,040	210,207	83,148	125,934
Southeast Asia	38,244	35,067	21,217	19,694
North America	11,907	7,294	6,411	3,587
United Kingdom	6,113	5,513	3,622	(3,435)
Other regions	1,455	1,077	1,756	1,465
Unallocated corporate expenses	–	–	(17,807)	(17,824)
	236,759	259,158	98,347	129,421

Note: China includes Hong Kong, Macau and other regions in the PRC.

	Non-current assets (Note)	
	2024 HK\$'000	2023 HK\$'000
China	380,170	462,247
Southeast Asia	15,156	14,879
United Kingdom	102,854	107,184
	498,180	584,310

Note: Non-current assets exclude financial instruments and deferred tax assets.

Information about major customers

Revenues from external customers contributing 10% or more of the total revenue from the Group's business segment of healthcare products are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	32,470	*
Customer B	37,648	40,311
Customer C	27,463	37,789
Customer D	26,969	24,754
Customer E	*	30,979
	124,550	133,833

* These customers individually contributed less than 10% of the total revenue from the Group's healthcare products segment during the year ended 31 December 2024 or 2023.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

4. REVENUE AND OTHER REVENUE

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within HKFRS 15		
Sale of Hoe Hin brand of products		
– Fixed price	116,411	110,816
– Variable price	100,956	134,349
	217,367	245,165
Revenue from other sources		
Lease income under operating leases with		
– Fixed lease payments	9,111	9,548
– Variable lease payments	–	64
	9,111	9,612
Interest income calculated using the effective interest method from bank deposits	10,281	4,381
	19,392	13,993
Revenue	236,759	259,158
Listed investments		
Dividend income from financial assets at FVPL	144	148
Gain on disposal of financial assets at FVPL	12	6
Other revenue	156	154
Total revenue	236,915	259,312

The amount of revenue from contracts with customers within HKFRS 15 recognised for the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is HK\$5,040,000 (2023: HK\$21,000).

5. OTHER NET INCOME

	2024 HK\$'000	2023 HK\$'000
Commission income	40	35
Sundry income	515	249
	555	284

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

6. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2024 HK\$'000	2023 HK\$'000
(a) Other operating expenses		
Advertising, promotion and event expenses (<i>Note</i>)	14,134	10,813
Auditor's remuneration	507	497
Certificate and licensing fees	340	353
Legal and professional fees	1,853	1,687
Office and administrative expenses	3,218	3,967
Production overheads	2,469	2,339
Repairs and maintenance	1,099	420
Travelling and transportation	1,800	1,873
Others	2,746	2,475
	28,166	24,424

Note: Included lease charges on short-term leases of advertising spaces of HK\$2,219,000 (2023: HK\$2,127,000).

	2024 HK\$'000	2023 HK\$'000
(b) Finance costs		
Interest on bank borrowings	304	335
Interest on consideration payable for acquisition of trademarks	280	280
	584	615

	2024 HK\$'000	2023 HK\$'000
(c) Other items		
Cost of inventories	53,396	60,206
Contributions to defined contribution plan (included in staff costs) (<i>Note</i>)	899	824
Loss on disposal of property, plant and equipment	19	10
Gross rental income from investment properties less direct operating expenses of HK\$445,000 (2023: HK\$216,000)	(8,665)	(9,396)

Note: The Group had no forfeited contribution available to reduce its contribution payable in future years as at 31 December 2024 and 2023.

Year ended 31 December 2024

(a) **Directors' emoluments**

Executive directors

Non-executive director

Independent non-executive directors

Executive directors

Non-executive director

Independent non-executive directors

* It represented the change in the discounted present value of directors' retirement benefits for the year. The discount rates applied in the calculation are 0% (2023: 0%) and 3.596% (2023: 3.684%) for Gan Wee Sean and Gan Fock Wai, Stephen respectively. The contractual undiscounted value at the end of the reporting period was HK\$1,653,000 (2023: HK\$1,653,000) and HK\$8,045,000 (2023: HK\$7,537,000) for Gan Wee Sean and Gan Fock Wai, Stephen respectively.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

7. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

Management performance bonus was calculated at 1% or 0.4% (2023: 1% or 0.4%) of the consolidated net profit after taxation and certain adjustments according to the terms specified in the service agreements of the respective executive director. A special bonus was offered during the year ended 31 December 2023, calculated as half of their monthly salaries. No special bonus was offered during the year ended 31 December 2024.

(b) Loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 December 2024 and 2023.

(c) Directors' material interest in transactions, arrangements or contracts

Except for the instalments payable for the acquisition of trademarks and the retirement benefits arrangement as detailed in notes 14 and 23 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2024 and 2023.

8. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, three (2023: *three*) are directors whose emoluments are included in the amounts disclosed in note 7 above. The aggregate of the emoluments of the other two (2023: *two*) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	2,537	2,426
Performance bonus	1,157	1,400
Retirement benefits	32	30
Contributions to defined contribution plan	36	36
	3,762	3,892

The emoluments of the two (2023: *two*) individuals with the highest emoluments fall within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK\$Nil – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	2	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the five highest paid individuals and other directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the years ended 31 December 2024 and 2023, no directors waived any of their emoluments.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

9. TAXATION

Under the two-tiered profits tax rates regime introduced in 2018, the first HK\$2 million of profits of qualifying group entity in Hong Kong is taxed at 8.25% and profits above HK\$2 million are taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Overseas taxation has been provided on the estimated assessable profits for the year, in respect of the Group's overseas operations, at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:

Current tax

Hong Kong Profits Tax

Overseas tax

Deferred taxation (Note 24)

Origination and reversal of temporary differences

	2024 HK\$'000	2023 HK\$'000
	18,371	23,220
	1,045	735
	19,416	23,955
	(282)	(188)
	19,134	23,767

Reconciliation of effective tax rate

Applicable tax rate in Hong Kong

Non-deductible expenses and losses

Non-taxable revenue and gains

Effect of two-tiered profits tax rate

Others

Effective tax rate for the year

	2024 %	2023 %
	16.5	16.5
	5.8	3.1
	(2.6)	(0.9)
	(0.2)	(0.1)
	0.1	(0.1)
	19.6	18.5

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

10. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Attributable to the current year:		
Interim dividend of HK3.0 cents per share (2023: HK3.0 cents per share)	9,349	9,349
Special interim dividend of HK6.5 cents per share (2023: HK5.5 cents per share)	20,257	17,140
Final dividend of HK3.8 cents per share (2023: HK3.8 cents per share) (Note)	11,842	11,842
Special final dividend of HK6.7 cents per share (2023: HK8.2 cents per share) (Note)	20,880	25,555
	62,328	63,886
Attributable to previous years, approved and paid during the year:		
Final dividend of HK3.8 cents per share (2023: HK3.8 cents per share)	11,842	11,842
Special dividend of HK8.2 cents per share (2023: HK3.0 cents per share)	25,555	9,349
	37,397	21,191

Note: The final dividend and special final dividend for the year ended 31 December 2024 proposed after the end of the reporting period are subject to shareholders' approval at the forthcoming annual general meeting. These dividends have not been recognised as liabilities at the end of the reporting period.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2024 HK\$'000	2023 HK\$'000
Profit attributable to owners of the Company	78,629	105,039
Weighted average number of ordinary shares for basic earnings per share ('000)	311,640	311,640
Earnings per share Basic and diluted	25.2 cents	33.7 cents

Diluted earnings per share equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

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Year ended 31 December 2024

12. INVESTMENT PROPERTIES

	Investment properties in Hong Kong under long leases HK\$'000	Freehold investment properties in United Kingdom and Singapore HK\$'000	Total HK\$'000
Valuation			
At 1 January 2023	143,300	121,637	264,937
Exchange realignment	–	5,711	5,711
Revaluation deficit, net	(7,650)	(7,734)	(15,384)
At 31 December 2023	135,650	119,614	255,264
At 1 January 2024	135,650	119,614	255,264
Exchange realignment	–	(2,181)	(2,181)
Revaluation deficit, net	(24,170)	(1,873)	(26,043)
At 31 December 2024	111,480	115,560	227,040

Investment properties in Hong Kong and Singapore were valued on a market value basis using the direct comparison approach by Memfus Wong Surveyors Limited and Hilco Appraisal Singapore Pte Limited, independent professional valuers respectively.

Investment properties in the United Kingdom were valued by Savills (UK) Limited, an independent professional valuer. The commercial units were valued by a traditional investment method of valuation with reference to rental value. The residential units were valued by capitalisation of receipts from granting lease extensions to occupational leaseholders of the residential units pursuant to a leaseholder's statutory right under the provisions of the Leasehold Reform, Housing & Urban Development Act 1993, as amended by the Commonhold and Leasehold Reform Act 2002.

Leasing arrangement – as lessee

At the end of the reporting period, the investment properties in Hong Kong of HK\$111,480,000 (2023: HK\$135,650,000) are held under head leases with the remaining lease term ranging from of 59 to 874 (2023: 60 to 875) years. The lease contracts do not impose any covenants on the Group.

The property interests in leasehold land and the buildings thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK\$111,480,000 (2023: HK\$135,650,000) are held by the Group as the registered owner. These property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which was financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to a number of factors including the rateable values, there are no ongoing payments to be made under the terms of the land leases.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

12. INVESTMENT PROPERTIES (CONTINUED)

Leasing arrangement – as lessor

The investment properties are leased to tenants over their remaining lease term ranging from 1 to 136 (2023: 1 to 137) years. The leases are non-cancellable, except for one of the leases which is non-cancellable for the first year but cancellable in the second year with a pre-agreed notice period by the tenant. The leases do not contain any renewal option, except for those leases entered into for the investment properties in the United Kingdom. Monthly rental charges are fixed payments. Some of the tenants also bear the management fees and amounts charged by the government such as the rates levied on the Group.

Details of the lease income from operating leases are set out in note 4 to these consolidated financial statements.

The investment properties are subject to residual value risk. The lease contracts, as a result, include a provision on residual value guarantee based on which the Group has the right to charge the tenants for any damages to the investment properties at the end of the leases. Besides, the Group has purchased property owners' liability insurance to protect it against any losses that may arise from physical damages of the properties due to unforeseeable hazards.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties.

	2024 HK\$'000	2023 HK\$'000
Year 1	9,161	7,539
Year 2	8,237	5,169
Year 3	6,649	4,427
Year 4	4,215	3,586
Year 5	3,591	3,586
After year 5	25,607	23,315
Undiscounted lease payments to be received	57,460	47,622

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Year ended 31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 December 2023					
At beginning of the reporting period	334,700	526	607	390	336,223
Additions	–	1,921	334	806	3,061
Revaluation	(5,290)	–	–	–	(5,290)
Depreciation	(6,810)	(161)	(268)	(149)	(7,388)
Disposals	–	–	(10)	–	(10)
At end of the reporting period	322,600	2,286	663	1,047	326,596
Reconciliation of carrying amount – year ended 31 December 2024					
At beginning of the reporting period	322,600	2,286	663	1,047	326,596
Additions	–	384	206	347	937
Revaluation	(51,441)	–	–	–	(51,441)
Depreciation	(6,560)	(314)	(234)	(275)	(7,383)
Disposals	–	(1)	(18)	–	(19)
At end of the reporting period	264,599	2,355	617	1,119	268,690
At 31 December 2023					
Cost	–	17,305	18,547	1,893	37,745
Valuation	322,600	–	–	–	322,600
Accumulated depreciation	–	(15,019)	(17,884)	(846)	(33,749)
	322,600	2,286	663	1,047	326,596
At 31 December 2024					
Cost	–	17,360	18,614	1,652	37,626
Valuation	264,599	–	–	–	264,599
Accumulated depreciation	–	(15,005)	(17,997)	(533)	(33,535)
	264,599	2,355	617	1,119	268,690

The property interest in leasehold land and the buildings thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK\$264,599,000 (2023: HK\$322,600,000) are held by the Group as right-of-use assets and as the registered owner. These property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which was financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to a number of factors including the rateable values, there are no ongoing payments to be made under the terms of the land leases. At the end of the reporting period, the remaining lease term of the land is about 23 to 101 (2023: 24 to 102) years.

Notes to the Consolidated Financial Statements

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The leasehold land and buildings held for own use were valued on a market value basis on 31 December 2024 by Memfus Wong Surveyors Limited, an independent professional valuer.

The carrying amount of the leasehold land and buildings held for own use as at 31 December 2024 would be HK\$48,660,000 (2023: HK\$49,868,000) had they been carried at cost less accumulated depreciation and accumulated impairment losses.

14. INTANGIBLE ASSETS

Trademarks
HK\$'000

Reconciliation of carrying amount – years ended 31 December 2024 and 2023

At beginning and end of the reporting period	2,450
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In 2012, the Group completed the acquisition of the trademarks relating to the White Flower Embrocation and White Flower Ointment for Hoe Hin brand of products registered in Malaysia and Singapore (the “Trademarks”) from Mr. Gan Wee Sean, an executive director and a major shareholder of the Company, at a total consideration of HK\$19,600,000. The consideration is payable by 70 equal annual instalments of HK\$280,000 each. The trademarks registered in Singapore was initially recognised at cost at the date of acquisition based on the present value of the total consideration of HK\$19,600,000 at a discount rate of 13.5%. The fair value of the trademark registered in Malaysia at the date of acquisition was assessed to be insignificant to the Group.

The useful lives of the Trademarks are assessed as indefinite because the Trademarks are expected to contribute to net cash inflow indefinitely and can be renewed every ten years by the Group without significant cost.

Estimates used to measure recoverable amount of cash-generating units containing the trademarks:

The trademarks registered in Singapore have been allocated to the cash-generating unit of healthcare in Singapore for impairment test.

The recoverable amount of the trademarks registered in Singapore has been determined by a value in use calculation. Cash flow projections are based on sales forecast covering a period of five years. The discount rate applied to the cash flow projections is 13.5% (2023: 13.5%). The annual sales growth rates applied in preparing the cash flow projection is +7.00% for 2025 (2023: +6.15% for 2024) and +7.00% (2023: +6.15%) for the next 4 years with regard to the economic recovery from pandemic. The long-term average growth rate for this cash-generating unit is 2.03% (2023: 2.99%).

Management determined the budgeted gross profit margin based on past performance, market conditions and its expectation for market development. The weighted average growth rates used are consistent with external sources of information. Values assigned to key assumptions reflect past experience. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

Management is of the opinion that any reasonably possible change in the key assumptions would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

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Year ended 31 December 2024

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Equity securities:		
Listed		
Hong Kong	2,700	2,359
Overseas	70	53
	2,770	2,412
Mutual funds and private equity fund, unlisted	9,984	9,757
Debt securities, unlisted	4,823	4,823
Dual currency deposits	1,492	–
	19,069	16,992
Carrying amount included in:		
Current assets	14,202	12,094
Non-current assets	4,867	4,898
	19,069	16,992

At 31 December 2024, HK\$19,069,000 (2023: HK\$16,992,000) are mandatorily measured at FVPL.

The Group's major investments are detailed below:

As at 31 December 2024					
	Stock code	Fair/Market value HK\$'000	Approximate percentage of the Group's investment portfolio %	Approximate percentage of the Group's net assets %	Current year unrealised fair value gain HK\$'000
<i>Equity securities, listed in Hong Kong</i>					
HSBC Holdings plc	0005.HK	1,046	5.48	0.14	177
<i>Mutual funds, unlisted</i>					
KBC Eco Fund SICAV-Water capitalisation	N/A	5,102	26.76	0.70	411
Multipartner SICAV-RobecoSAM Sustainable Water Fund B – capitalisation	N/A	3,625	19.01	0.50	390
<i>Debt securities, unlisted</i>					
Aberdeen Marina Club Limited*	N/A	2,785	14.60	0.38	–
Shenzhen Xili Golf Club*	N/A	1,842	9.66	0.25	–

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The Group's major investments are detailed below (Continued):

As at 31 December 2024					
	Stock code	Fair/Market value HK\$'000	Approximate percentage of the Group's investment portfolio %	Approximate percentage of the Group's net assets %	Current year unrealised fair value gain HK\$'000
<i>Dual currency deposits</i>					
UBS AG	N/A	1,492	7.82	0.20	-
As at 31 December 2023					
	Stock code	Fair/Market value HK\$'000	Approximate percentage of the Group's investment portfolio %	Approximate percentage of the Group's net assets %	Current year unrealised fair value gain HK\$'000
<i>Equity securities, listed in Hong Kong</i>					
HSBC Holdings plc	0005.HK	869	5.11	0.11	199
<i>Mutual funds, unlisted</i>					
KBC Eco Fund SICAV-Water capitalisation	N/A	5,047	29.70	0.66	619
Multipartner SICAV-RobecoSAM Sustainable Water Fund B – capitalisation	N/A	3,486	20.52	0.46	545
<i>Debt securities, unlisted</i>					
Aberdeen Marina Club Limited*	N/A	2,785	16.39	0.36	-
Shenzhen Xili Golf Club*	N/A	1,842	10.84	0.24	-

* neither held for sale nor repayment in immediate future

16. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Finished goods	2,137	3,011
Raw materials	6,035	5,496
Bottles, caps and packing materials	3,911	3,690
	12,083	12,197

17. TRADE AND OTHER RECEIVABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade receivables	17(a)	19,190	17,435
Bills receivables		9,529	5,566
Other receivables			
Deposits, prepayments and other debtors		4,498	4,469
		33,217	27,470

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17. TRADE AND OTHER RECEIVABLES (CONTINUED)

17(a) Trade receivables

The Group allows credit period ranging from 30 days to 120 days (2023: 30 days to 120 days) to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	14,638	8,700
31 – 60 days	1,537	3,946
61 – 90 days	1,917	–
91 – 120 days	1,098	4,789
	19,190	17,435

All trade receivables are expected to be recovered within 12 months and no provision had been made for non-repayment of balances at the end of the reporting period.

Information about the Group's exposure to credit risks is included in note 30(a) to these consolidated financial statements.

18. BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Cash at bank and in hand	50,142	78,248
Time deposits	225,676	187,265
Total cash and bank balances as stated in consolidated statement of financial position	275,818	265,513
Less: time deposits with original maturity of over three months	(5,108)	(2,853)
Total cash and bank balances as stated in consolidated statement of cash flows	270,710	262,660

Cash at bank earns interest at floating rates based on bank deposit rates. Short-term time deposits are made between one month and three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing short-term deposit rates.

19. BANK BORROWINGS, SECURED

The analysis of the carrying amount of bank borrowings is as follows:

	2024 HK\$'000	2023 HK\$'000
Bank borrowings due for repayment within one year	4,204	4,737

The bank borrowings are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
British Pound Sterling	4,204	4,737

The revolving loan of HK\$4,204,000 (2023: HK\$4,737,000) bears interest at the bank's cost of fund plus 1.98% per annum and is repayable one month after drawdown. The loan is secured by pledging the Group's investment properties disclosed in note 28 to these consolidated financial statements together with the assignment of rental monies derived from the investment properties.

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Year ended 31 December 2024

20. TRADE AND OTHER PAYABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade payables	20(a)	1,444	1,472
Other payables			
Accrued charges and other creditors		6,610	7,530
Accrued advertising and promotion expenses		5,382	6,848
Accrued rebates and discounts	20(b)	505	1,080
Contract liabilities	20(c)	–	5,040
		12,497	20,498
		13,941	21,970

(a) Trade payables

All trade payables are expected to be settled within one year. The ageing analysis of trade payables by invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	1,054	1,455
31 – 60 days	373	–
61 – 90 days	–	–
More than 90 days	17	17
	1,444	1,472

(b) Accrued rebates and discounts

During the year ended 31 December 2024, sales to distributors decreased, thereby decreasing the estimated rebates and discounts payable.

At 31 December 2024 and 2023, there were no contract liabilities arising from rebates and discounts that were expected to be settled after more than 12 months.

(c) Contract liabilities

Contract liabilities represents consideration received from customers before the related goods are delivered.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the reporting period	5,040	21
Recognised as revenue	(5,040)	(21)
Receipt of advances or recognition of receivables	–	5,040
At end of the reporting period	–	5,040

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20. TRADE AND OTHER PAYABLES (CONTINUED)

(c) Contract liabilities (Continued)

The contract liabilities as at 1 January 2024 amounting to HK\$5,040,000 were fully recognised as revenue during the year ended 31 December 2024.

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2023 was part of contracts that had an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

21. CONSIDERATION PAYABLE FOR ACQUISITION OF TRADEMARKS

The amount represents amortised cost of the consideration payable for acquisition of the Trademarks as disclosed in note 14 to these consolidated financial statements, calculated using the effective interest method at the rate of 13.5% per annum.

22. DEFERRED INCOME

The amount represents lease premiums received in advance in respect of certain of the Group's investment properties in the United Kingdom, which is recognised as income on a straight-line basis over the lease term ranging from 137 to 153 (2023: 138 to 153) years.

23. PROVISION FOR DIRECTORS' RETIREMENT BENEFITS

	2024 HK\$'000	2023 HK\$'000
At beginning of the reporting period	5,959	5,350
Additional provision (Note 7)	506	609
At end of the reporting period	6,465	5,959

Mr. Gan Wee Sean and Mr. Gan Fock Wai, Stephen respectively entered into a service agreement with the Company on 28 November 1991 for a term of two years and one month commencing from 1 December 1991. The appointment shall continue thereafter subject to termination by either party giving not less than 6-month notice in writing to the other party. Accordingly, the appointment continued upon the completion of the initial term on 31 December 1993 and is still in force currently. Pursuant to the terms of the service agreements (supplemented with the board minutes dated 25 September 2006, and the supplemental agreements dated 12 December 2014, 26 October 2016, 18 June 2019 and 18 June 2023), the Company shall pay Mr. Gan Wee Sean and Mr. Gan Fock Wai, Stephen a long service payment of not exceeding HK\$12,000,000 and HK\$8,000,000 respectively when the events as stipulated in the agreements take place.

In August 2016, Mr. Gan Wee Sean received his first long service payment of HK\$10,347,000 when he reached the age of 70, according to the supplemental agreement dated 12 December 2014.

Pursuant to the supplemental agreement dated 18 June 2022, the appointment of Mr. Gan Wee Sean has been extended for three years and the aggregate amount of the first and extended long service payments shall not exceed HK\$12,000,000 in aggregate.

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24. DEFERRED TAXATION

The movement for the year in the Group's net deferred tax position is as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the reporting period	50,032	51,093
Recognised in profit or loss (<i>Note 9</i>)	(282)	(188)
Recognised in other comprehensive income	(8,488)	(873)
At end of the reporting period	41,262	50,032

Recognised deferred tax assets:

	Directors' retirement benefits HK\$'000
At 1 January 2023	(883)
Recognised in profit or loss	(100)
At 31 December 2023	(983)
At 1 January 2024	(983)
Recognised in profit or loss	(83)
At 31 December 2024	(1,066)

Recognised deferred tax liabilities:

	Accelerated depreciation allowances HK\$'000	Revaluation of leasehold land and buildings HK\$'000	Total HK\$'000
At 1 January 2023	422	51,554	51,976
Recognised in profit or loss	(88)	–	(88)
Recognised in other comprehensive income	–	(873)	(873)
At 31 December 2023	334	50,681	51,015
At 1 January 2024	334	50,681	51,015
Recognised in profit or loss	(199)	–	(199)
Recognised in other comprehensive loss	–	(8,488)	(8,488)
At 31 December 2024	135	42,193	42,328

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24. DEFERRED TAXATION (CONTINUED)

Unrecognised deferred tax assets arising from:

	2024 HK\$'000	2023 HK\$'000
Tax losses	1,363	1,335

The tax losses have no expiry date under current tax legislation. The related deferred tax assets of approximately HK\$225,000 (2023: *approximately HK\$220,000*) have not been recognised due to uncertainty of their recoverability.

25. SHARE CAPITAL

	2024		2023	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.05 each	600,000,000	30,000	600,000,000	30,000
Issued and fully paid:				
At beginning and end of the reporting period	311,640,000	15,582	311,640,000	15,582

26. SHARE PREMIUM AND RESERVES

Share premium

The share premium represents the excess of the net proceeds from issuance of shares of the Company over its par value.

Properties revaluation reserve

The properties revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for revaluation of land and buildings held for own use, net of deferred tax.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations and is dealt with in accordance with the accounting policies adopted.

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27. OTHER CASH FLOW INFORMATION

(a) Cash generated from operations

	2024 HK\$'000	2023 HK\$'000
Profit before taxation	97,763	128,806
Interest income	(10,281)	(4,381)
Interest expenses	584	615
Dividend income from financial assets at FVPL	(144)	(148)
Revaluation deficit in respect of investment properties	26,043	15,384
Loss on disposal of property, plant and equipment	19	10
Provision for directors' retirement benefits	506	609
Exchange differences	(17)	69
Depreciation expenses	7,383	7,388
Changes in working capital:		
Financial assets at FVPL	(2,077)	(1,133)
Inventories	114	3,629
Trade and other receivables	(6,435)	(8,225)
Trade and other payables	(7,884)	9,386
Deferred income	1,471	277
Cash generated from operations	107,045	152,286

(b) Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Bank borrowings, secured HK\$'000	Consideration payable for acquisition of trademarks HK\$'000	Dividends payable HK\$'000	Total HK\$'000
2024				
At beginning of the reporting period	4,737	2,073	868	7,678
Repayment	(47,585)	(280)	–	(47,865)
New bank borrowings	47,151	–	–	47,151
Dividends paid	–	–	(66,829)	(66,829)
Net cash flows	(434)	(280)	(66,829)	(67,543)
Imputed interest	–	280	–	280
Changes in exchange rates	(99)	–	–	(99)
Declaration of dividends	–	–	67,003	67,003
	(99)	280	67,003	67,184
At end of the reporting period	4,204	2,073	1,042	7,319

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27. OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Changes in liabilities arising from financing activities (Continued)

	Bank borrowings, secured HK\$'000	Consideration payable for acquisition of trademarks HK\$'000	Dividends payable HK\$'000	Total HK\$'000
2023				
At beginning of the reporting period	5,496	2,073	817	8,386
Repayment	(59,921)	(280)	–	(60,201)
New bank borrowings	58,867	–	–	58,867
Dividends paid	–	–	(47,629)	(47,629)
Net cash flows	(1,054)	(280)	(47,629)	(48,963)
Imputed interest	–	280	–	280
Changes in exchange rates	295	–	–	295
Declaration of dividends	–	–	47,680	47,680
	295	280	47,680	48,255
At end of the reporting period	4,737	2,073	868	7,678

- (c) The Group has recognised total cash outflows for leases of HK\$2,219,000 (2023: HK\$2,127,000) for the year.

28. PLEDGE OF ASSETS

The Group's investment properties in the United Kingdom were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$57,758,000 (2023: HK\$59,483,000), of which HK\$4,204,000 (2023: HK\$4,737,000) were utilised at the end of the reporting period as disclosed in note 19 to these consolidated financial statements.

The carrying amounts of the Group's pledged assets are as follows:

	2024 HK\$'000	2023 HK\$'000
Investment properties	102,854	107,184

Except for the above, there are no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

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29. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties.

	2024 HK\$'000	2023 HK\$'000
Compensation paid to key management personnel, other than directors:		
– Salaries and other benefits	3,726	3,856
– Contributions to defined contribution plan	36	36

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include bank balances and cash, trade and other receivables, financial assets at fair value through profit or loss, bank borrowings, consideration payable for acquisition of trademarks and trade and other payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The executive directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Bank balances

Management considered the Group has limited credit risk with its banks and financial institutions which are leading and reputable and assessed as having low credit risk. The Group has not incurred significant loss from non-performance by them in the past and management does not expect so in the future.

Trade and bills receivables

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade and bills receivables by establishing a maximum payment period of 120 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which the customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own records.

At the end of the reporting period, the Group had a concentration of credit risk from trade and bills receivables as 69.29% (2023: 31.89%) and 99.72% (2023: 90.65%) of the total trade and bills receivables was made up by the Group's largest outstanding balance and the five (2023: five) largest outstanding balances respectively.

The Group's customer base consists of a number of clients and the trade and bills receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and bills receivables. Based on historical experience, and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables, the expected loss rate of trade and bills receivables are assessed to be negligible. Therefore, no loss allowance provision for these balances was provided for at the end of the reporting period.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables (Continued)

The information about the exposure to credit risk and ECL for trade and bills receivables using a provision matrix is summarised below.

	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Credit- impaired
As at 31 December 2024			
Not yet due	27,518	–	No
Within 30 days	1,201	–	No
	28,719	–	
As at 31 December 2023			
Not yet due	16,547	–	No
Within 30 days	6,076	–	No
31 – 60 days	–	–	No
61 – 90 days	345	–	No
More than 90 days	33	–	No
	23,001	–	

The Group did not hold any collateral over trade and bills receivables as at 31 December 2024 and 2023.

Other receivables

The Group considers that the other receivables have low credit risk based on the counterparties' strong capacity to meet their contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Group has taken into account the historical actual credit loss experience over the past 3 years (2023: 3 years) and the financial position of the counterparties by reference to, among others, their management or audited accounts and available public information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation technique or significant assumptions made during the year.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

The Group closely monitors its liquidity requirements and the sufficiency of cash and available banking facilities so as to ensure that payment obligations are met.

The following tables detail the remaining contractual maturity of the non-derivative financial liabilities of the Group. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. For cash flows denominated in currency other than Hong Kong dollars, the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into Hong Kong dollars.

At 31 December 2024

Bank borrowings
Trade and other payables
Consideration payable for
acquisition of trademarks
Dividends payable

On demand HK\$'000	Less than 1 year HK\$'000	More than 1 year HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
-	4,227	-	4,227	4,204
10,366	1,054	-	11,420	11,420
-	280	15,680	15,960	2,073
1,042	-	-	1,042	1,042
11,408	5,561	15,680	32,649	18,739

At 31 December 2023

Bank borrowings
Trade and other payables
Consideration payable for
acquisition of trademarks
Dividends payable

On demand HK\$'000	Less than 1 year HK\$'000	More than 1 year HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
-	4,758	-	4,758	4,737
12,709	1,455	-	14,164	14,164
-	280	15,960	16,240	2,073
868	-	-	868	868
13,577	6,493	15,960	36,030	21,842

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Currency risk

Most of the Group's business transactions are conducted in Hong Kong dollars and United States dollars. Certain rental income is derived in the United Kingdom and denominated in British Pounds Sterling. The Group also has equity and debt securities denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities denominated in a currency other than the functional currency of the group entities are as follows:

	Assets		Liabilities	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Australian dollars	8,990	5,596	–	–
British Pounds Sterling	1,792	64	–	–
United States dollars	29,105	34,641	765	700
Euro dollars	15,265	15,231	–	–
Japanese Yen	9,606	1,551	–	–
Malaysian Ringgit	5,795	4,437	–	–
New Zealand dollars	2,751	1,187	–	–
Renminbi	2,999	8,901	–	–
Singapore dollars	23,945	20,194	–	–
Swiss Franc	1,426	1,517	–	–
New Taiwan dollars	–	–	450	364
Others	40	45	–	–
	101,714	93,364	1,215	1,064

The Group considers there is no significant exposure to foreign exchange fluctuations for United States dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. The currency risk for debt borrowings is minimal as they are denominated in the currency of the underlying pledged assets.

The sensitivity analysis below has been determined assuming that a change in exchange rate had occurred at the end of the reporting period and had been applied to both derivative and non-derivative financial instruments (excluding items which are denominated in United States dollar) that would have affected the profit or loss. A change of 5% (2023: 4%) was applied at the end of the reporting period.

	2024		2023	
	5% Strengthen in foreign currencies HK\$'000	5% Weaken in foreign currencies HK\$'000	4% Strengthen in foreign currencies HK\$'000	4% Weaken in foreign currencies HK\$'000
Increase (Decrease) in profit	3,608	(3,608)	2,334	(2,334)

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Equity/Debt price risk

The Group's equity and debt securities are measured at fair value at the end of each reporting period with reference to the market price. Therefore, the Group is exposed to equity or debt price risks and management monitors the price movements and takes appropriate actions when required.

The sensitivity analysis below has been determined assuming that a change in the corresponding equity or debt prices had occurred at the end of the reporting period and had been applied to the equity and debt securities that would have affected the profit or loss and equity. A change of 17% (2023: 9%) in stock price and debt price was applied at the end of the reporting period.

	2024		2023	
	Increase (Decrease) in profit HK\$'000	Effect on other component of equity HK\$'000	Increase (Decrease) in profit HK\$'000	Effect on other component of equity HK\$'000
Change in the relevant equity/debt price risk variable:				
Increase 17% (2023: 9%)	3,242	–	1,529	–
Decrease 17% (2023: 9%)	(3,242)	–	(1,529)	–

31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return of capital to shareholders, repurchase of shares or issue of new shares or raise new debts or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

The Group monitors its capital using a gearing ratio, which is interest-bearing borrowings divided by total shareholders' funds at the end of the reporting period, as follows:

	2024 HK\$'000	2023 HK\$'000
Bank borrowings, secured	4,204	4,737
Total shareholders' fund	731,908	765,183
Gearing ratio	0.6%	0.6%

32. FAIR VALUE MEASUREMENTS

The following presents the assets measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis at 31 December 2024 across the three levels of the fair value hierarchy defined in HKFRS 13: Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

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32. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Financial assets measured at fair value through profit or loss

	31 December 2024 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Equity securities, listed in Hong Kong	2,700	2,700	–	–
Equity securities, listed overseas	70	70	–	–
Mutual funds, unlisted	9,940	–	9,940	–
Private equity fund, unlisted	44	–	–	44
Debt securities, unlisted	4,823	4,823	–	–
Dual currency deposits	1,492	1,492	–	–
	19,069	9,085	9,940	44

	31 December 2023 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Equity securities, listed in Hong Kong	2,359	2,359	–	–
Equity securities, listed overseas	53	53	–	–
Mutual funds, unlisted	9,682	–	9,682	–
Private equity fund, unlisted	75	–	–	75
Debt securities, unlisted	4,823	4,823	–	–
	16,992	7,235	9,682	75

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The Group's policy is to recognise transfers between levels as at the end of the reporting period.

Movements in Level 3 fair value measurements

Description	Private equity fund, unlisted	
	2024 HK\$'000	2023 HK\$'000
At beginning of the reporting period	75	137
Disposals	(31)	(62)
At end of the reporting period	44	75

Description of the valuation techniques and inputs used in Level 2 fair value measurement

The unlisted mutual funds are valued based on quoted market prices from dealers or by reference to quoted market prices for similar instruments.

Description of the valuation techniques and inputs used in Level 3 fair value measurement

The unlisted private equity fund's assets mainly comprise investment in unlisted companies in various industries (the "Investment") and the fair value of the Investment is estimated by the external fund manager by reference to a number of factors including the operating cash flows and financial performance of the Investment, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the Investment.

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32. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Financial assets measured at fair value through profit or loss (Continued)

Valuation processes of the Group

The Group reviews estimation of fair value of the unlisted private equity fund which is categorised into Level 3 of the fair value hierarchy. Reports with estimation of fair value are prepared by the external fund manager on a quarterly basis. Discussion of the valuation process and results is held between the chief financial officer and the Audit Committee twice a year, to coincide with the reporting dates.

(b) Investment properties and leasehold land and buildings measured at fair value

	31 December 2024 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties				
Commercial – Hong Kong	98,200	–	–	98,200
Industrial – Singapore	12,706	–	–	12,706
Residential – Hong Kong	13,280	–	–	13,280
Commercial and Residential – United Kingdom	102,854	–	–	102,854
	227,040	–	–	227,040
Leasehold land and buildings				
Commercial – Hong Kong	108,599	–	–	108,599
Industrial – Hong Kong	153,000	–	–	153,000
Carpark – Hong Kong	3,000	–	–	3,000
	264,599	–	–	264,599
	31 December 2023 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties				
Commercial – Hong Kong	121,000	–	–	121,000
Industrial – Singapore	12,430	–	–	12,430
Residential – Hong Kong	14,650	–	–	14,650
Commercial and Residential – United Kingdom	107,184	–	–	107,184
	255,264	–	–	255,264
Leasehold land and buildings				
Commercial – Hong Kong	137,000	–	–	137,000
Industrial – Hong Kong	182,000	–	–	182,000
Carpark – Hong Kong	3,600	–	–	3,600
	322,600	–	–	322,600

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32. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Investment properties and leasehold land and buildings measured at fair value (Continued)

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The Group's policy is to recognise transfers between levels as at the end of the reporting period.

Movement in Level 3 fair value measurements

Description	Investment properties					
	2024			2023		
	Commercial/ residential units in Hong Kong HK\$'000	Industrial units in Singapore HK\$'000	Commercial/ residential units in the United Kingdom HK\$'000	Commercial/ residential units in Hong Kong HK\$'000	Industrial units in Singapore HK\$'000	Commercial/ residential units in the United Kingdom HK\$'000
At beginning of the reporting period	135,650	12,430	107,184	143,300	11,661	109,976
Revaluation (deficit) surplus	(24,170)	276	(2,149)	(7,650)	769	(8,503)
Exchange realignment	-	-	(2,181)	-	-	5,711
At end of the reporting period	111,480	12,706	102,854	135,650	12,430	107,184

Net revaluation deficit and exchange realignment are reported as changes of "revaluation deficit in respect of investment properties" in profit or loss and "exchange difference arising from translation of financial statements of overseas subsidiaries" in other comprehensive income respectively.

Description	Leasehold land and buildings			
	2024		2023	
	Commercial units in Hong Kong HK\$'000	Industrial/ Carpark units in Hong Kong HK\$'000	Commercial units in Hong Kong HK\$'000	Industrial/ Carpark units in Hong Kong HK\$'000
At beginning of the reporting period	137,000	185,600	146,000	188,700
Revaluation (deficit) surplus	(26,804)	(24,637)	(7,283)	1,993
Depreciation charge	(1,597)	(4,963)	(1,717)	(5,093)
At end of the reporting period	108,599	156,000	137,000	185,600

Net revaluation (deficit) surplus is reported as "revaluation (deficit) surplus of leasehold land and buildings" in other comprehensive income.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

32. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Investment properties and leasehold land and buildings measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement.

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring level 3 fair value measurements, are as follows:

Properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
<u>Leasehold land and buildings</u>			
Commercial units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$20,100/sq.ft. (2023: HK\$25,600/sq.ft.) saleable area, mainly taking into account time, floor, view, age, quality and size, adjustment basically range from about -30% to +23% (2023: -13% to +3%), or -4% to +23% (2023: -7% to +3%) if exclusive of the time adjustment factor.	If the market unit rate is higher/lower, the fair value of the property will increase/decrease.
Roof of a commercial building located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$157,000/ft. (2023: HK\$180,000/ft.) for the side with exposure/visibility. Adjustment factors mainly include time, location, frontage and layout, basically range from about -22% to +50% (2023: -20% to +30%), remains -8% to +50% (2023: -20% to +30%) if exclusive of the time adjustment factor, with the most significant adjustment at +50% (2023: +30%) on location for one comparable.	If the location adjustment is higher/lower, while all the other variables were held constant, the fair value of the property will increase/decrease.
Industrial units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$5,100/sq.ft. (2023: HK\$6,100/sq.ft.) effective area, mainly taking into account time, floor, size, whole floor, loading headroom, layout and view, adjustment basically range from about -15% to +3% (2023: -15% to +4%), or remains -15% to +3% (2023: -15% to +4%) if exclusive of the time adjustment factor.	If the adjustment for size is higher/lower, with other variables held constant, the fair value of the property will decrease/increase.
		Size is the most significant unobservable input, and adopted at 1.0% adjustment for every 2,000 (2023: 2,000) square feet difference in the size of the comparable.	

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

32. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Investment properties and leasehold land and buildings measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes unobservable inputs for recurring level 3 fair value measurements, are as follows: (Continued)

Properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
<i>Leasehold land and buildings (Continued)</i>			
Carpark units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$1,500,000/car park (2023: HK\$1,800,000/car park), mainly taking into account time, location and floor, adjustment basically range from –20% to +16% (2023: –10% to +16%), or –2% to +16% (2023: –5% to +16%) if exclusive of the time adjustment factor.	If the market unit rate is higher/lower, the fair value of the property will increase/decrease.
<i>Investment properties</i>			
Commercial units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$17,500/sq.ft. (2023: HK\$22,600/sq.ft.) saleable area, mainly taking into account time, location, age, floor, size, whole floor, view and design/condition, adjustment basically range from –26% to +15% (2023: –11% to +5%), or –8% to +5% (2023: –8% to +5%) if exclusive of the time adjustment factor.	If the market unit rate is higher/lower, while all the other variables were held constant, the fair value of the property will increase/decrease.
Commercial units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$18,600/sq.ft. (2023: HK\$21,900/sq.ft.) saleable area, mainly taking into account time, age, location, floor, view, size and condition, adjustment basically range from about –28% to +25% (2023: –13% to +25%), or remains –10% to +25% (2023: –6% to +25%) if exclusive of the time adjustment factor.	If the market unit rate is higher/lower, while all the other variables were held constant, the fair value of the property will increase/decrease.
Residential units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$8,700/sq.ft. (2023: HK\$9,700/sq.ft.) saleable area, mainly taking into account time, floor, view, orientation, size and noise, adjustment basically range from about –5% to +5% (2023: –20% to +2%), or remains –5% to +5% (2023: –3% to +2%) if exclusive of the time adjustment factor, for comparable within subject building.	If the market unit rate is higher/lower, the fair value of the property will increase/decrease

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

32. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Investment properties and leasehold land and buildings measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring level 3 fair value measurements, are as follows: (Continued)

Properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
<i>Investment properties (Continued)</i>			
Residential units located in Hong Kong	Market value basis – Direct comparison approach	Market unit rate is at about HK\$7,700/sq.ft. (2023: HK\$8,600/sq.ft.) saleable area, taking into account time, floor, view, orientation and size, adjustment basically range from about –15% to +6% (2023: –10% to +3%), remains –4% to +6% (2023: –3% to +3%) if exclusive of the time adjustment factor, for comparable within subject building.	If the market unit rate is higher/lower, the fair value of the property will increase/decrease.
Industrial units located in Singapore	Market value basis – Direct comparison approach	Market unit rate is at about SGD640/sq.ft. (2023: SGD604/sq.ft.) after adjustment for direct comparable transaction	If the market unit rate is higher/lower, the fair value of the property will increase/decrease.
Commercial units located in the United Kingdom	Traditional investment method of valuation	Market rent at a weighted average of £170/sq.ft. (2023: £170/sq.ft.)	A significant increase in the market rent would result in a significant increase in fair value, and vice versa.
		Equivalent yield at a weighted average of 6.02% (2023: 5.86%)	A significant increase in the equivalent yield would result in a significant decrease in fair value, and vice versa.
Residential units located in the United Kingdom	Capitalisation of receipts from granting lease extensions to occupational leaseholders of the residential units	Capital value at a weighted average of £925/sq.ft. (2023: £925/sq.ft.)	A significant increase in the capital value would result in a significant increase in fair value, and vice versa.

Valuation processes of the Group

The Group reviews the estimation of fair value of the investment properties and leasehold land and buildings. Valuations of investment properties and leasehold land and buildings are performed by independent professional qualified valuers at each interim and annual reporting date. Discussion of the valuation process and results is held between the chief financial officer and the Audit Committee twice a year, to coincide with the reporting dates.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investments in subsidiaries	33(a)	84,340	84,340
Deferred tax assets		1,066	983
		85,406	85,323
Current assets			
Deposits, prepayments and other debtors		317	306
Amounts due from subsidiaries		209,080	176,539
Bank balances and cash		5,347	4,984
		214,744	181,829
Current liabilities			
Accrued charges and other creditors		2,126	2,769
Amounts due to subsidiaries		124,061	107,788
Dividends payable		1,042	868
Tax payable		188	20
		127,417	111,445
Net current assets		87,327	70,384
Total assets less current liabilities		172,733	155,707
Non-current liabilities			
Provision for directors' retirement benefits		6,465	5,959
NET ASSETS		166,268	149,748
Capital and reserves			
Share capital	25	15,582	15,582
Share premium and reserves	33(b)	150,686	134,166
TOTAL EQUITY		166,268	149,748

This statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by

GAN Wee Sean
Director

GAN Fock Wai, Stephen
Director

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Investments in subsidiaries

Particulars of the Company's subsidiaries, all of which are private limited liability companies, are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of nominal value of issued ordinary share capital held by the Company		Principal activities
			Directly	Indirectly	
Biotech Marketing Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US\$1	-	100	Advertising agency
Hoe Hin Pak Fah Yeow (B. V. I.) Limited	British Virgin Islands/ Hong Kong	20,000 ordinary shares of US\$1 each	100	-	Investment holding
Hoe Hin Pak Fah Yeow Manufactory Limited	Hong Kong	22,000 non-voting deferred shares* and 2 ordinary shares	-	100	Manufacturing and sale of healthcare products and property investment
Pak Fah Yeow Advertising Company Limited	Hong Kong	2 ordinary shares	-	100	Inactive
Pak Fah Yeow Investment (Hong Kong) Company, Limited	Hong Kong	21,200,000 non-voting deferred shares* and 2 ordinary shares	-	100	Property and treasury investment
Princesland International Limited	British Virgin Islands/ United Kingdom	1 ordinary share of US\$1	-	100	Property investment

* The non-voting deferred shares carry no right to receive notice of or attend or vote at any general meeting of these subsidiaries. They also carry very limited rights in respect of dividends and share of surplus assets upon winding up.

None of the subsidiaries had issued any debt securities during the year.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(b) Share premium and reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Proposed dividends HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	21,997	67,708	21,191	3,255	114,151
Profit for the year	-	-	-	67,695	67,695
Transaction with owners:					
Distributions to owners					
Interim dividend declared	-	-	-	(9,349)	(9,349)
Special interim dividend declared	-	-	-	(17,140)	(17,140)
Final dividend proposed	-	-	11,842	(11,842)	-
Special final dividend proposed	-	-	25,555	(25,555)	-
Final dividend in respect of previous years approved	-	-	(11,842)	-	(11,842)
Special dividend in respect of previous years approved	-	-	(9,349)	-	(9,349)
At 31 December 2023	21,997	67,708	37,397	7,064	134,166
At 1 January 2024	21,997	67,708	37,397	7,064	134,166
Profit for the year	-	-	-	83,523	83,523
Transaction with owners:					
Distributions to owners					
Interim dividend declared	-	-	-	(9,349)	(9,349)
Special interim dividend declared	-	-	-	(20,257)	(20,257)
Final dividend proposed	-	-	11,842	(11,842)	-
Special final dividend proposed	-	-	20,880	(20,880)	-
Final dividend in respect of previous years approved	-	-	(11,842)	-	(11,842)
Special dividend in respect of previous years approved	-	-	(25,555)	-	(25,555)
At 31 December 2024	21,997	67,708	32,722	28,259	150,686

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares allotted on 28 November 1991 and the consolidated net assets of the subsidiaries then acquired.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(b) Share premium and reserves (Continued)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

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

At the end of the reporting period, the Company's reserves available for distribution to owners of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Contributed surplus	67,708	67,708
Proposed dividend	32,722	37,397
Retained profits	28,259	7,064
	128,689	112,169

(c) Financial guarantees

At the end of the reporting period, the Company had issued corporate guarantees to a bank for bank loan utilised by a subsidiary amounting to HK\$4,204,000 (2023: HK\$4,737,000). The Company has not recognised any deferred income for the financial guarantees as their fair value cannot be reliably measured and the transaction price was nil. The directors consider that the above financial guarantees are unlikely to materialise. No provision has therefore been made in this respect in the financial statements of the Company for any possible reimbursement to banks as a result of subsidiaries failing to repay.

Five-Year Financial Summary

Year ended 31 December 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Turnover	109,343	139,823	147,200	259,158	236,759
Profit (Loss) before taxation	(33,861)	46,922	37,770	128,806	97,763
Taxation	(4,495)	(8,736)	(7,815)	(23,767)	(19,134)
Profit (Loss) after taxation	(38,356)	38,186	29,955	105,039	78,629
Dividends	19,945	26,178	28,359	63,886	62,328
	HK	HK	HK	HK	HK
Earnings (Loss) per share	(12.3 cents)	12.3 cents	9.6 cents	33.7 cents	25.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December				
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Non-current assets	617,293	631,310	609,453	590,191	504,113
Net current assets	147,368	174,668	193,944	273,089	318,354
Non-current liabilities	(91,469)	(98,256)	(96,172)	(98,097)	(90,559)
	673,192	707,722	707,225	765,183	731,908
Share capital	15,582	15,582	15,582	15,582	15,582
Share premium and reserves	657,610	692,140	691,643	749,601	716,326
	673,192	707,722	707,225	765,183	731,908

Property Portfolio

Year ended 31 December 2024

INVESTMENT PROPERTIES

	Location	Tenure	Approximate floor area	Type	Group's interest (%)
1.	12th Floor Grand Building, Nos. 15-18, Connaught Road Central, Hong Kong	Two leases for 999 years respectively from 6 December 1899 and 24 December 1898	2,905 sq.ft.	Commercial	100
2.	7th Floor Lippo Leighton Tower, No. 103 Leighton Road, Causeway Bay, Hong Kong	Lease for 982 years from 25 June 1860	3,880 sq.ft.	Commercial	100
3.	13th Floor in Block B, North Point Mansion (Part), Nos. 692-702 King's Road and Nos. 27-29 Healthy Street East, Hong Kong	Lease for 75 years from 20 March 1933, renewable for another 75 years	905 sq.ft.	Residential	100
4.	Flat A on 4th Floor Hennessy Apartments, No. 48 Percival Street, Hong Kong	Lease for 982 years from 25 June 1860	715 sq.ft.	Residential	100
5.	No. 30 Kallang Pudding Road, No. 03-07 Valiant Industrial Building, Singapore, 349312	Freehold	323 sq.m.	Industrial	100
6.	Princess Court, 47-63 Queensway, London, W2, United Kingdom	Freehold	7,382 sq.ft.	Commercial/Residential	100

LEASEHOLD LAND AND BUILDINGS

	Location	Tenure	Approximate floor area	Type	Group's interest (%)
1.	Roof of No. 84, Hing Fat Street, Hong Kong	Lease for 75 years from 15 May 1916, renewable for another 75 years	3,080 sq.ft.	Commercial	100
2.	11th Floor, 200 Gloucester Road, Wan Chai, Hong Kong	Lease for 99 years from 26 December 1928, renewable for another 99 years	7,388 sq.ft.	Commercial	100
3.	Units 1 to 13 on 2nd Floor, Paramount Building, No. 12 Ka Yip Street, Chai Wan, Hong Kong	Lease from 29 May 1987 to 30 June 2047	31,444 sq.ft.	Industrial	100
4.	Car parking Space, Nos. 13 and 14 on 1st Floor, Paramount Building, No. 12 Ka Yip Street, Chai Wan, Hong Kong	Lease from 29 May 1987 to 30 June 2047	133 sq.ft.	Carpark	100