GILSTON GROUP LIMITED
進騰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

ANNUAL REPORT 2024

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Yip Siu Lun Dave *(Chairman)*
Mr. Wu Cody Zhuo-xuan
Mr. Mak Yung Pan Andrew
Ms. Cheung Ka Yuen

Non-executive Director

Ms. Lin Ping

Independent Non-executive Directors

Mr. Leung Ka Tin
Mr. Cheng Hong Kei
Mr. Ko Kwok Shu

AUDIT COMMITTEE

Mr. Cheng Hong Kei *(Committee Chairman)*
Mr. Leung Ka Tin
Mr. Ko Kwok Shu

NOMINATION COMMITTEE

Mr. Yip Siu Lun Dave *(Committee Chairman)*
Mr. Leung Ka Tin
Mr. Cheng Hong Kei
Mr. Ko Kwok Shu

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei *(Committee Chairman)*
Mr. Leung Ka Tin
Mr. Ko Kwok Shu

COMPANY SECRETARY

Mr. Chan Kam Fuk

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 10A and 10B
15/F., Nine Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

AUDITOR

SFAI (HK) CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

The Bank of East Asia Limited
The Hong Kong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China
Agricultural Bank of China
China Construction Bank
Bank of Guangzhou

COMPANY WEBSITE

https://www.irasia.com/listco/hk/gilstongroup/index.htm

Financial Summary

FIVE-YEAR FINANCIAL HIGHLIGHTS

For the year ended 31 December	**2024**	2023	2022	2021	2020
Operating Results					
Gross profit margin (%)	**52.6**	41.5	32.3	30.0	20.1
Operating profit or loss margin (%)	**20.2**	-25.3	2.0	-5.5	-29.5
Net loss or profit margin (%) (note 1)	**9.7**	-25.9	-0.9	-7.3	-27.6
Return on equity (%)	**17.9**	-56.0	-1.0	-12.4	-30.9
Financial Position					
Total assets (HK$'000)	**551,788**	278,103	305,712	275,779	290,702
Cash and cash equivalents (HK$'000)	**141,480**	63,332	105,266	59,870	60,930
Total equity attributable to equity shareholders of the Company (HK$'000)	**180,866**	123,378	184,913	141,668	151,873
Financial Ratios					
Current ratio (times)	**1.3**	2.2	2.4	1.9	1.9
Quick ratio (times)	**1.1**	1.9	1.9	1.5	1.6
Liability to asset ratio (%) (note 2)	**65.1**	52.0	32.5	40.3	40.5
Turnover Ratios					
Inventory turnover (days)	**97**	71	81	62	82
Debtors turnover (days)	**72**	100	73	70	91

Notes:

(1) Net loss or profit represents loss or profit attributable to equity shareholders of the Company.

(2) Liability to asset ratio is calculated as the Group's total liabilities over total assets as shown in the consolidated statement of financial position.

Financial Summary

The following is a summary of the consolidated statement of profit or loss and the consolidated statement of financial position of the Group:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December	**2024 HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Revenue	**333,376**	266,548	215,578	239,717	170,089
Cost of sales and cost of services	**(157,867)**	(156,008)	(145,868)	(167,804)	(135,854)
Gross Profit	**175,509**	110,540	69,710	71,913	34,235
Other revenue and (losses)/gains, net	**16,134**	(4,465)	14,906	(3,487)	(4,541)
Distribution costs	**(23,500)**	(23,168)	(13,042)	(17,404)	(11,760)
Administrative expenses	**(101,077)**	(93,741)	(67,354)	(64,144)	(54,247)
(Impairment losses)/ reversal of impairment losses on					
– trade receivables and bills receivable	**371**	(360)	175	8	(91)
– property, plant and equipment	**–**	(25,512)	–	(108)	(8,215)
– right-of-use assets	**–**	(28,527)	–	–	(4,885)
– intangible assets	**–**	(491)	–	–	–
– prepayments for property, plant and equipment	**–**	(1,654)	–	–	–
Share of loss of a jointly controlled entity	**–**	–	–	–	(728)
(Loss)/profit from operations	**67,437**	(67,378)	4,395	(13,222)	(50,232)
Finance costs	**(3,752)**	(3,224)	(3,851)	(3,720)	(3,662)
(Loss)/profit before taxation	**63,685**	(70,602)	544	(16,942)	(53,894)
Income tax credit/(expense)	**(30,781)**	(9,267)	114	31	2,685
(Loss)/profit for the year	**32,904**	(79,869)	658	(16,911)	(51,209)
Attributable to:					
Equity shareholders of the Company	**32,300**	(69,043)	(1,888)	(17,503)	(46,907)
Non-controlling interests	**604**	(10,826)	2,546	592	(4,302)

Financial Summary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	**2024 HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Non-current assets	**304,876**	83,360	123,166	133,109	152,018
Property, plant and equipment	**50,903**	32,941	73,753	81,931	86,616
Investment in a jointly controlled entity	**–**	–	–	–	5
Investment properties	**17,174**	–	–	–	–
Intangible assets	**680**	614	1,272	349	140
Prepayments for property, plant and equipment	**160,867**	2,067	–	48	89
Rental deposits	**3,882**	3,357	5,382	1,468	2,926
Right-of-use assets	**64,231**	39,859	37,068	43,245	56,408
Deferred tax assets	**7,139**	4,522	5,691	6,068	5,834
Current assets	**246,912**	194,743	182,546	142,670	138,684
Inventories	**36,393**	27,090	33,527	30,827	26,881
Amount due from a jointly controlled entity	**–**	–	–	–	1,791
Amount due from a related party	**1,991**	–	–	–	–
Trade and other receivables	**67,048**	103,750	43,753	51,862	49,082
Current tax recoverable	**–**	–	–	111	–
Time deposit with maturity over 3 months	**–**	571	–	–	–
Cash and cash equivalents	**141,480**	63,332	105,266	59,870	60,930
Total assets	**192,593**	278,103	305,712	275,779	290,702

Financial Summary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	**2024 HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Current liabilities	**187,714**	87,067	77,512	76,026	71,247
Trade and other payables	**114,904**	63,320	47,577	57,356	52,245
Tax payable	**34,814**	8,191	115	–	122
Bank borrowings	**19,082**	–	–	–	–
Lease liabilities	**18,914**	15,556	22,427	16,432	18,880
Amount due to a related party	**–**	–	7,393	2,238	–
Net current assets	**59,198**	107,676	105,034	66,644	67,437
Total assets less current liabilities	**364,074**	191,036	228,200	199,753	219,455
Non-current liabilities	**171,481**	57,577	21,785	34,987	46,414
Bank borrowings	**95,409**	–	–	–	–
Lease liabilities	**72,694**	56,453	20,661	33,863	45,290
Deferred tax liabilities	**3,378**	1,124	1,124	1,124	1,124
Net assets	**192,593**	133,459	206,415	164,766	173,041
Capital and reserves	**180,866**	123,378	184,913	141,668	151,873
Share capital	**5,745**	5,578	5,578	4,648	4,648
Reserves	**175,121**	117,800	179,335	137,020	147,225
Total equity attributable to equity shareholders of the Company	**180,866**	123,378	184,913	141,668	151,873
Non-controlling interests	**11,727**	10,081	21,502	23,098	21,168
Total equity	**192,593**	133,459	206,415	164,766	173,041

Chairman's Report

On behalf of the board (the "**Board**") of directors of Gilston Group Limited ("**the Company**") and its subsidiaries (collectively "**the Group**"), I am pleased to present the annual report for the financial year ended 31 December 2024.

Reflecting on the year 2024, we have witnessed a notable divergence in the global economy and a declaration in consumer spending, impeding the pace of economic revival. Throughout the year, the Group has faced various challenges from geopolitical tensions, monetary policy fluctuations and persistent high interest rates. These multi-faceted factors have very significantly impacted the business landscape, demanding a strategic response needed to address this unpredictability. In these challenging economic conditions, the Group has adopted a cautious approach, continuously reviewing and adapting business strategies to align with the prevailing global economic trends. During the financial year ended 31 December 2024, the Group recorded revenue amounting to approximately HK$333,376,000, representing an increase of approximately 25.1% as compared to the corresponding year in 2023 (HK$266,548,000). The zipper business recorded revenue amounting to approximately HK$235,830,000, representing a sightly increase of approximately 1.4% as compared to the corresponding year in 2023 (HK$232,617,000). After adapting to changes such as the relocation of the Zhejiang production base last year, the zipper business has stabilized its production operations. On 30 August 2023 the Group entered into a management agreement to operate and manage land and properties located in Nanshan District, Shenzhen, Guangdong Province, China. The property currently operates as an auto city with showrooms providing car sales, maintenance, and after-sales services and the property management business recorded revenue amounting to approximately HK$95,501,000, representing an increase of approximately 190.5% as compared to the corresponding year in 2023 (HK$32,871,000). The increase was primarily due to a full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023. Referring to the announcement of the Company dated 30 September 2024, pursuant to which the Group agreed with the original shareholders of Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司) ("**Shenzhen Jiajinlong**") to subscribe for the registered capital of Shenzhen Jiajinlong at the consideration of RMB9,000,000, representing 90% of enlarged registered capital in the Shenzhen Jiajinlong. The Group would obtain control and management of Jiajinlong Car City, which enables the Group greater flexibility in the strategic directions and day-to-day management of Jiajinlong Car City, and hence to achieve operational and management efficiency which is beneficial to the Group's long-term development. The Completion took place on 31 December 2024. For further details, please refer to the announcement of the Company dated 2 January 2025.

As the Group looks ahead to 2025, we recognize that the world's economic development remains vulnerable and unpredictable towards geopolitical tensions, monetary policies, high interest rates, and various other factors. These uncertainties will continue to pose challenges for economic recovery. In response, the Group is committed to an adaptive approach. By diligently reviewing, responding to, and adjusting its operational policies and strategies for the zipper business, the Group has taken effective cost control measures to ensure the business remains resilient and adaptable from the impact of the production base relocation. With the inclusion of the property management business, we anticipate that this new venture will bring in fresh momentum and contribute to a more stable cash flow for the Group. This will help in the overall diversification of its operations and strengthen our business model, providing a more secure foundation for future growth.

To conclude, I would like to take this opportunity to extend my sincere appreciation to the management and staff of the Group for their unwavering efforts and dedication. I would also like to express gratitude to our shareholders, customers, suppliers, partner banks, and other professional institutions for their support during these challenging times. Together, we will seize opportunities to drive our continued growth for the future.

Chairman
Yip Siu Lun, Dave

Hong Kong, 28 March 2025

Management Discussion and Analysis

OVERVIEW

The Group continued to operate the zipper business during the year ended 31 December 2024. Starting from September 2023, the Group commenced to provide property management services.

The Group continued to operate the property management services during the year through the management agreement to operate and manage a land and properties with showrooms, car sales and offices, car maintenance and after sales services, namely Jiajinlong Car City (嘉進隆汽車城) located at Nanshan District of Shenzhen.

The Group continued to operate the zipper business during the year ended 31 December 2024. The customers in zipper business are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year ended 31 December 2024, comprised revenue from property management services and zipper business, increased to HK$333.38 million as compared with approximately HK$266.55 million for the year ended 31 December 2023.

Profit before taxation for the year ended 31 December 2024 was approximately HK$63.69 million (2023: Loss before taxation HK$70.60 million), representing a reverse change of approximately HK$132.29 million as compared to prior year. The turn-around was mainly attributable to, amongst others: (1) a full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023; and (2) stabilised performance from Zipper business that provided no further impairment loss for the Zipper business during the year as compared to the impairment losses provided in last year of approximately HK$56.54 million.

REVENUE

For the year ended 31 December 2024, the Group recorded revenue amounting to approximately HK$333.38 million, representing an increase of approximately 25.1% as compared to the previous year. The increase in revenue was primarily due to full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023.

The following table sets forth the details of the Group's total revenue by business segment for the years indicated:

	2024		2023	
	HK$ million	**%**	HK$ million	%
Zipper business	**237.88**	**71.4**	233.68	87.7
Property management business	**95.50**	**28.6**	32.87	12.3
Total revenue	**333.38**	**100.0**	266.55	100.0

Management Discussion and Analysis

Zipper Business

For the year ended 31 December 2024, the Group revenue from manufacture and sales of zippers amounted to approximately HK$237.88 million, representing an increase of approximately 1.8% as compared to the previous year.

The following tables analysis the revenue from zipper business indicated by product category and geographic location, respectively:

Revenue analysis by product category:

	2024		2023	
	HK$ million	**%**	HK$ million	%
Sales of goods				
Finished zippers and sliders	**235.83**	**99.1**	232.62	99.5
Others	**2.05**	**0.9**	1.06	0.5
Total revenue	**237.88**	**100.0**	233.68	100.0

Revenue analysis by geographic location:

	2024		2023	
	HK$ million	**%**	HK$ million	%
Mainland China	**224.38**	**94.3**	213.94	91.6
Overseas	**13.50**	**5.7**	19.74	8.4
Total revenue	**237.88**	**100.0**	233.68	100.0

Finished Zippers and Sliders

Revenue from sales of finished zippers and sliders increase by approximately HK$3.21 million or 1.4% to approximately HK$235.83 million for the year ended 31 December 2024 (2023: approximately HK$232.62 million). The increase was primarily due to growth in consumer demand.

The Group's revenue was mainly derived from sales in Mainland China. Other countries or regions to which the Group sold its products for the year ended 31 December 2024 include but not limited to Hong Kong, Switzerland, Italy, India, Indonesia, Bangladesh, Germany, Korea, Vietnam, Tunisia and Jordan.

Others

Others represent items such as scrap material and zipper components. Revenue of other items increased by approximately HK$0.99 million to approximately HK$2.05 million for the year ended 31 December 2024 (2023: approximately HK$1.06 million).

Property Management Business

Starting from September 2023, the Group has expanded its business into property management services that provide stable and solid income to the Group. Revenue from property management business increased by approximately HK$62.63 million or 190.5% to approximately HK$95.50 million for the year ended 31 December 2024 (2023: approximately HK$32.87 million). The increase was primarily due to a full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023.

Management Discussion and Analysis

COST OF SALES AND GROSS PROFIT

In 2024, the overall cost of sales of the Group amounted to approximately HK$157.87 million (2023: approximately HK$156.01 million), representing an increase of approximately 1.2%. The overall gross profit of the Group increased by approximately 58.8% from approximately HK$110.54 million for the year ended 31 December 2023 to approximately HK$175.51 million for the year ended 31 December 2024. In 2024, the overall gross profit margin increased from approximately 41.5% for 2023 to 52.6% for 2024. The increase in gross profit was primarily due to the expansion of new property management services income which has relatively higher profit margin. The gross profit margin for property management services is primarily affected by its property management fee rates charges for management services and cost control capabilities. The gross profit for manufacture and sales of zippers amounting to approximately HK$76.98 million, representing a decrease of approximately 1.7% as compared to the previous year and the following table sets forth the gross profit for zipper business indicated by product category:

Gross profit analysis for zipper business by product category:

	2024		2023	
	HK$ million	**%**	HK$ million	%
Finished zippers and sliders	**78.99**	**97.5**	77.28	98.6
Others	**2.05**	**2.5**	1.06	1.4
Total gross profit	**81.04**	**100.0**	78.34	100.0

Finished Zippers and Sliders

Gross profit for finished zippers and sliders slightly increased by approximately 2.2% from approximately HK$77.28 million for the year ended 31 December 2023 to approximately HK$78.99 million for the year ended 31 December 2024 which was primarily due to the combined effect in revenue as discussed above.

Others

Gross profit of other items increased by approximately HK$0.99 million from approximately HK$1.06 million for the year ended 31 December 2023 to approximately HK$2.05 million for the year ended 31 December 2024, which was mainly due to the increase in sale volume of other items.

DISTRIBUTION COSTS

Distribution costs mainly represent (i) staff costs relating to sales and marketing personnel; (ii) transportation costs for delivery of the Group's products; and (iii) advertising and marketing expenses. For the year ended 31 December 2024, the Group's distribution costs amounted to approximately HK$23.50 million (2023: approximately HK$23.17 million), accounting for approximately 7.0% of the Group's revenue (2023: approximately 8.7%). The increase in distribution costs was in line with the increasing in turnover.

Management Discussion and Analysis

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) professional fees and auditors' remuneration; and (iii) other administrative expenses including depreciation and amortisation. In 2024, the Group's administrative expenses amounted to approximately HK$101.08 million (2023: approximately HK$93.74 million), which accounted for approximately 30.3% of the Group's revenue (2023: approximately 35.2%). The increase in administrative expenses was mainly due to the increase in overall costs in relation to the operation of property management business.

INCOME TAX EXPENSES

Income tax expense for the year ended 31 December 2024 and 2023 mainly represents Enterprise Income Tax payable for property management service business.

PROFITABILITY

In 2024, the Group's profit attributable to equity shareholders of the Company amounted to approximately HK$32.30 million (2023: loss attributable to equity shareholders of approximately HK$69.04 million), representing a turnaround from loss to profit as compared to 2023. The margin of profit attributable to the equity shareholders of the Company for the year was approximately 9.3% (2023: margin of loss attributable to equity shareholders of approximately 25.9%).

During the year ended 31 December 2024, the Group's return on equity attributable to the equity shareholders of the Company was approximately 17.9% (2023: approximately -56.0%).

INVENTORIES

Inventories are one of the principal components of the Group's current assets of zipper business. The carrying value of inventories accounted for approximately 13.9% and 14.7% of the Group's total current assets as at 31 December 2023 and 2024 respectively.

Inventories increased by approximately 34.3% from approximately HK$27.09 million as at 31 December 2023 to approximately HK$36.39 million as at 31 December 2024. The increase in inventories was mainly affected by the Group's inventories policy to enhance level of materials held to save cost of turnover.

The average inventory turnover days for 2024 and 2023 were approximately 74 days and 71 days respectively.

TRADE DEBTORS

As at 31 December 2024, the allowance for impairment was approximately HK$1.04 million (31 December 2023: approximately HK$1.52 million), accounting for approximately 1.6% of the Group's total trade debtors (2023: approximately 1.5%).

From the zipper segment, the Group's trade debtors (net) decreased by around 5.6% from approximately HK$64.22 million of last year to approximately HK$60.60 million as at 31 December 2024.

The average trade debtors turnover days of zipper business for 2024 and 2023 were approximately 96 days and 79 days respectively.

OTHER RECEIVABLES

Other receivables mainly represent rental deposits of certain factories and office premises with remaining lease terms of less than one year. The decrease in balance of other receivables by approximately HK$0.98 million, representing a decrease of 19.9% from approximately HK$4.92 million in 2023 to HK$3.94 million in 2024.

TRADE CREDITORS

The Group's trade creditors primarily relate to suppliers of the Group's purchases of raw materials with main credit terms of approximately 7 to 60 days.

The Group's trade creditors increased by 7.3% from approximately HK$11.99 million as at 31 December 2023 to approximately HK$12.87 million as at 31 December 2024. The average trade creditors turnover days for 2024 and 2023 were approximately 29 days and 23 days respectively.

OTHER PAYABLES

Other payables mainly represent (i) payroll and staff benefits payable; (ii) payables for purchase of property, plant and equipment; (iii) accrued expenses; and (iv) deposit from tenants. The balance of other payables increased by approximately 98.8% to approximately HK$102.03 million as at 31 December 2024 (2023: approximately HK$51.33 million).

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2024, the lease liabilities and right-of-use assets amounted to approximately HK$91.61 million (2023: approximately HK$72.01 million) and approximately HK$64.23 million (2023: approximately HK$39.86 million) respectively.

LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of cash flow data for the two years ended 31 December 2023 and 2024:

	2024 **HK$ million**	2023 HK$ million
Net cash generated from operating activities	**34.11**	1.30
Net cash generated from/(used in) investing activities	**37.28**	(8.36)
Net cash generated from/(used in) financing activities	**12.33**	(33.38)
Net increase/(decrease) in cash and cash equivalents	**83.72**	(40.44)
Cash and cash equivalents at 1 January	**63.33**	105.27
Effect of foreign exchange rate changes	**(5.57)**	(1.50)
Cash and cash equivalents at 31 December	**141.48**	63.33

The Group's net cash inflow from operating activities for the year 2024 amounted to approximately HK$34.11 million (2023: HK$1.3 million). As at 31 December 2024, cash and cash equivalents amounted to approximately HK$141.48 million, representing an increase of approximately HK$78.15 million as compared with the position as at 31 December 2023, which was mainly due to the combined effect of the cash flows for the year ended 31 December 2024 as shown in the above table.

Management Discussion and Analysis

BANK BORROWINGS

The Group had bank borrowings of approximately HK$114.49 million as at 31 December 2024. Included in the balance amounting to HK$10.60 million is unsecured and carries fixed interest at 3.5%. The remaining balance are individual guaranteed by the directors of the subsidiary and related parties of the directors of the subsidiaries and secured by properties owned by the related parties of the directors of the subsidiaries and carries variable interest rate at Loan Prime rate plus 5%. All the borrowings were denominated in Renminbi.

The Group did not have borrowings other than lease liabilities as at 31 December 2023.

NET CASH POSITION

The Group recorded a net cash position of HK$26.99 million, calculated by deducting the bank borrowings from cash and cash equivalents as at 31 December 2024.

The Group did not have borrowings other than lease liabilities as at 31 December 2023.

GEARING RATIO

The Group's gearing ratio was 59.4% as at 31 December 2024 which is calculated using bank borrowings divided by total equity and multiplied by 100%.

The Group did not have borrowings other than lease liabilities as at 31 December 2023.

NET CURRENT ASSETS

As at 31 December 2024, the Group had net current assets of approximately HK$59.20 million. The key components of current assets as at 31 December 2024 included cash and cash equivalents of approximately HK$141.48 million, trade and other receivables of approximately HK$67.05 million, and inventories of approximately HK$36.39 million. The current liabilities mainly represented trade and other payables of approximately HK$114.90 million, current portion of bank borrowings of approximately HK$19.08 million and current portion of lease liabilities of approximately HK$18.91 million.

The net current assets decreased from approximately HK$107.68 million as at 31 December 2023 to approximately HK$59.20 million as at 31 December 2024.

PLEDGE OF ASSETS

The Group did not have any assets pledged for borrowings.

CAPITAL COMMITMENTS

The capital commitments in respect of property, plant and equipment as at 31 December 2023 and 2024 not provided for in the consolidated financial statements were approximately HK$4.33 million and approximately HK$36.71 million respectively.

Management Discussion and Analysis

FOREIGN CURRENCY RISK

The Group is exposed to currency risk primarily through sales and bank deposits which give rise to receivables and cash balances that are denominated in USD under KEE Zippers Corporation Limited ("**KEE Zippers**").

As HK$ is pegged to USD, the Group considers the risk of movements in exchange rates between USD and HK$ to be insignificant.

In addition, the Group had HK$ denominated inter-company other receivables amounting to approximately HK$46.77 million (2023: approximately HK$152.05 million) that were held by 開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited*) ("**KEE Guangdong**"), 開易(湖北)拉鏈製造有限公司 (KEE (Hubei) Zippers Manufacturing Limited*) ("**KEE Hubei**") and 開易(浙江)服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited*) ("**KEE Zhejiang**") for which RMB is their functional currency.

Assuming that a general appreciation/depreciation of 0.5% in HK$ against RMB at 31 December 2024, with all other variables held constant, there would be a decrease/increase of the Group's net loss for the year and decrease/increase of accumulated losses by approximately HK$0.24 million (2023: increase/decrease in net profit and decrease/increase of accumulated losses by approximately HK$0.76 million).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits and the inter-company other receivables which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The Group currently has no hedging arrangement for foreign currencies. The management will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 30 September 2024 (after trading hours), Shenzhen Errui Investment Co., Ltd.* (深圳市爾瑞投資有限公司) ("**Shenzhen Errui**"), an indirect wholly-owned subsidiary of the Company, the original shareholders of Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司) (the "**Target Company**") and the Target Company entered into the share subscription agreement (the "**Share Subscription Agreement**"), pursuant to which Shenzhen Errui has conditionally agreed to subscribe for the registered capital of the Target Company in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Target Company upon completion (the "**Completion**"), at the consideration of RMB9,000,000. Upon Completion, the Target Company would be owned as to 90% by the Company and the Group would obtain control and management of Jiajinlong Car City, which enables the Group greater flexibility in the strategic directions and day-to-day management of Jiajinlong Car City, and hence to achieve operational and management efficiency which is beneficial to the Group's long-term development.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the above share subscription was more than 100%, the share subscription constituted a very substantial acquisition for the Company under the Listing Rules and was subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Completion took place on 31 December 2024. Upon Completion, the Target Company has become subsidiary of the Company and the financial statements of the Target Company are consolidated into the financial statements of the Group.

For further details, please refer to the announcements of the Company dated 30 September 2024, 22 October 2024 and 2 January 2025, and the circular of the Company dated 25 November 2024.

Management Discussion and Analysis

EMPLOYEES

As at 31 December 2024, the Group had 696 full-time employees (2023: 655). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the year 2024 were approximately HK$131.12 million (2023: approximately HK$115.87 million). The increase in staff costs is mainly due to increase in number of full time employees and average salary of employees.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2023 and 2024.

CONNECTED TRANSACTIONS

Connected Transactions in Relation to the Lease in Respect of Certain Land and Buildings

(i) On 15 January 2024, Classic Winner Limited ("**Classic Winner**"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the "**Fourth HK Lease Renewal Agreement**") pursuant to which Classic Winner has agreed to lease to KEE Zippers a property in Hong Kong at a monthly rental of HK$52,600 (exclusive of Government rates, Government rent, management fees and all other outgoings) payable in advance in cash without any deduction on the 16th day of each month for a term of two years commencing from 16 January 2024 to 15 January 2026. As Classic Winner is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Classic Winner is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of HK$52,600 is fair and reasonable with reference to the market value.

(ii) On 15 January 2024, 佛山市南海今和明投資有限公司 (Foshan City Nanhai Jinheming Investment Company Limited*), ("**Nanhai Jinheming**"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and 開易(浙江)服務配件有限公司 (KEE Zhejiang) Garment Accessories Limited) ("**KEE Zhejiang**"), an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the "**Third Zhejiang Lease Renewal Agreement**") pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the land and the PRC buildings in Zhejiang Province at a monthly rental of RMB607,000 payable in cash within the first 10 working days of each month commencing from 16 January 2024 to 31 May 2024 with three months' rent of RMB1,821,000 as deposit. As Nanhai Jinheming is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Nanhai Jinheming is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of RMB607,000 is fair and reasonable with reference to the market value.

(iii) On 30 December 2022, Mr. Xu Xipeng and Mr. Xu Xinan, connected persons at the subsidiary level of the Company, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the "**Guangdong Lease Renewal Agreement 2022**") to renew the lease of a plant in Guangdong for a further term of two years commencing from 1 January 2023 to 31 December 2025 for a monthly rental of RMB428,980 payable within the first 10 working days of each month commencing from 1 January 2023.

An independent property valuer advised that the monthly rental of RMB428,980 is fair and reasonable with reference to the market value.

(iv) On 27 August 2021, KEE Jingmen a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively and KEE Guangdong an indirect 85%-owned subsidiary of the Company entered into a two years lease renewal agreement (the "**Jingmen Lease Renewal Agreement 2021**") pursuant to which KEE Jingmen has agreed to lease the Jingmen property at a monthly rental of RMB533,000 payable before the fifth day of each month commencing from 1 September 2021 to 31 August 2023, with three months' rent of RMB1,599,000 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, KEE Jingmen is a connected person at the subsidiary level of the Company as of the date of the Jingmen Lease Renewal Agreement 2021. An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

On 29 April 2022, 開易(湖北)拉鏈製造有限公司 (KEE (Hubei) Zippers Manufacturing Company Limited*) ("**KEE Hubei**") replaced KEE Guangdong as a new lessee to the Jingmen Lease Renewal Agreement 2021. KEE Jingmen as lessor, KEE Guangdong as the original lessee, and KEE Hubei as the new lessee entered into a novation agreement pursuant to which KEE Hubei shall assume all the rights and obligations of KEE Guangdong under the Jingmen Lease Renewal Agreement 2021 with effect from 1 May 2022. An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

(v) On 31 May 2022, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the "**PRC Property Phase II**") for a term from 1 June 2022 to 31 August 2023 (the "**Phase II Lease Agreement**") pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB245,658 payable in cash before the fifteen day of each month commencing from 1 September 2022 with three months' rent of RMB736,974 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB245,658 is fair and reasonable with reference to the market rate.

(vi) On 31 August 2023, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the "**PRC Property**") for a term from 1 September 2023 to 31 August 2029 (the "**Lease Agreement**"), which replaced the leases expired on 31 August 2023 as mentioned an items (iv) and (v) above, pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB969,735 payable in cash before the fifteen day of each month commencing from 1 September 2023 with three months' rent of RMB2,909,205 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB969,735 is fair and reasonable with reference to the market rate.

Management Discussion and Analysis

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Fourth HK Lease Renewal Agreement, Third Zhejiang Lease Renewal Agreement, Guangdong Lease Renewal Agreement 2022, Jingmen Lease Renewal Agreement 2021, Phase II Lease Agreement and Lease Agreement, the Group recognized an additional asset representing its right to use the property under the relevant lease agreements of a total of approximately HK$4 million for the Fourth HK Lease Renewal Agreement and Zhejiang PRC Lease Renewal Agreement, approximately HK$0.2 million for the Guangdong Lease Renewal Agreement 2022, approximately HK$8.58 million for the Jingmen Lease Renewal Agreement 2021, approximately HK$8.34 million for the Phase II Lease Agreement and approximately HK$48.04 million for the Lease Agreement, respectively. As such, the transactions under the above lease agreements were recognised as acquisitions of right-of-use assets which constituted one-off connected transactions of the Company under Chapter 14A of the Listing Rules. Details of which had been disclosed in the Company's relevant announcements dated 14 January 2022, 30 December 2022, 27 August 2021, 29 April 2022, 31 May 2022, 31 August 2023 and 15 January 2024.

BUSINESS UPDATE IN RELATION TO RELOCATION OF ZHEJIANG PRODUCTION BASE

KEE Zhejiang, a 85%-owned subsidiary of the Company, has been informed by the management committee of Jiashan Economic and Technology Development Zone ("**JETDZ Management Committee**") that, the production base located at 116 Jinjia Avenue, Economic Development Zone, Jiashan County, Zhejiang Province, China is included in the implementation area of the organic renewal project of the Economic Development Zone and required to be vacated.

On 11 September 2023, the subsidiary of the Company entered into a relocation compensation agreement with Jiashan Economic Development Asset Management Co., Ltd. (嘉善經開資產經營管理有限公司) ("**JEDAM Limited**"), a 53.85% owned indirect subsidiary of JETDZ Management Committee, pursuant to which the subsidiary agreed with JEDAM Limited in respect of the relocation of some immovable machineries and leasehold improvements in the production base, subject to various condition precedents, for a total compensation of RMB12,849,140, of which RMB1,284,914 (equivalent to approximately HK$1,418,000) has been received as at 31 December 2023.

BUSINESS UPDATE IN RELATION TO CONTINUOUS RECOGNITION AS AN ENTERPRISE OF NEW AND HIGH TECHNOLOGY AND PROFIT TAX CONCESSION

KEE Guangdong, a 85%-owned subsidiary of the Company, has been continuously recognised as an enterprise of new and high technology according to the recognition certificate jointly issued by the Science and Technology Department of Guangdong (廣東省科學技術廳), the Finance Department of Guangdong (廣東省財政廳), the State Tax Bureau of Guangdong (廣東省國家税務局) and the Provincial Tax Bureau of Guangdong (廣東省地方税務局).

According to the relevant regulations, being recognised as an enterprise of new and high technology, KEE Guangdong would be entitled to enjoy a preferential tax concession in the People's Republic of China and its applicable profit tax rate up to 2025 is expected to be 15%. Without this preferential tax concession, normal profit tax rate of KEE Guangdong would be 25%.

Management Discussion and Analysis

PROSPECTS

In 2024, amid a complex and challenging environment, China's economy achieved steady growth. In the face of numerous uncertainties, the Group has successfully achieved a turnaround from loss to profit through operational strategy adjustments and diversified developments. In the future, the Group will continue to explore innovation, remain agile in response to changes and fully utilize its strengths in order to build a solid and sustainable foundation for development.

Property Management Business

The Group has introduced the property management services characterized by short cycles, stable cash flows and low asset intensity, gradually shifting away from the asset-heavy business model to achieve diversified development and establish a secure and robust operational framework. Driven by this new strategy, the Group has successfully turned from loss to profit. We will continue to review our business strategies and operational models, formulate long-term development plans, and explore additional business and investment opportunities to create a healthy and secure development model that delivers stable returns for our shareholders.

The Zipper Business

Although the domestic apparel market has rebounded as a result of the market dynamics triggered by the national policies to stimulate consumption and new consumption models, the operating environment remains tough due to the lack of end-user consumption momentum as a result of factors such as sluggish consumer sentiment and intensified competition in the market. At the same time, rising costs and interest rates have further increased the challenges, causing the Group to adopt a more conservative attitude towards its zipper business.

Looking ahead, the Group maintains a prudent attitude towards the improvement of the macro-economy and will proactively respond to the challenges of the operating environment by enhancing its competitiveness through the following measures:

- Consolidating existing production capacity and enhancing automation and production efficiency;

- Improving process and product quality while strictly controlling costs;

- Enhancing capital management to mitigate operational risks;

- Strengthening talent management to enhance organizational and operational capabilities.

The Group has always adhered to a pragmatic business strategy and actively pursued diversification while stabilizing its existing business to achieve steady growth and stable cash flow, and effectively reduce business risks.

PLACING OF NEW SHARES UNDER GENERAL MANDATE DURING THE YEAR ENDED 31 DECEMBER 2024

On 4 January 2024, the Company and KGI Asia Limited (the "**Placing Agent**") entered into a placing agreement. Pursuant to the placing agreement, the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 16,733,000 new shares of the Company at HK$1.21 per share to not less than six placees. The new shares were allotted and issued pursuant to the general mandate granted to the Directors pursuant to the resolutions of the shareholders of the Company passed at the annual general meeting of the Company held on 27 June 2023. On 19 January 2024, 16,733,000 new shares of the Company have been successfully allotted and issued to not less than six placees at HK$1.21 per share. The net issue price of the placing shares was HK$1.19. The net proceeds from the placing of approximately HK$19.9 million were intended to be used as general working capital and future business opportunities and investments of the Group. For details, please refer to the announcements of the Company dated 4 January 2024 and 19 January 2024.

Set out below is the summary of the utilisation of the net proceeds from the above placing:

Intended use of proceeds	Allocation of proceeds HK$ million	Utilisation as at 31 December 2024 HK$ million	Utilisation as at date of this report HK$ million	Unutilised as at the date of this report HK$ million	Expected timeline for full utilisation of the remaining proceeds
General working capital and future business opportunities and investments of the Group	19.9	5.8	7.0	12.9	By Sep 2025

There has been no change of intended use of the proceeds from the placing.

As disclosed in the announcement of the Company dated 12 July 2022, the Company completed the placing of new shares and raised a total of HK$68.6 million. As disclosed in the 2023 Annual Report, approximately HK$38.6 million, out of the net proceeds of approximately HK$68.6 million has been utilised as general working capital and business opportunities and investments. Further details of the latest utilisation are set out below for reference:

Intended use of proceeds	Allocation of proceeds HK$ million	Utilisation as at 31 December 2024 HK$ million	Utilisation as at the date of this report HK$ million	Unutilised as at the date of this report HK$ million	Expected timeline for full utilisation of the remaining proceeds
For general working capital and business opportunities and investments	68.6	68.6	–	–	N/A

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There were no major subsequent events since 31 December 2024 and up to the date of this report.

CORPORATE GOVERNANCE

Good corporate governance is conducive to enhancing the Group's overall performance and accountability is essential in modern corporate administration. The Board, which includes three independent non-executive Directors out of a total of eight Directors, is responsible for setting strategic, management and financial objectives, continuously observing the principles of good corporate governance and devoting considerable effort to identifying and formalising best practices to ensure that the interests of Shareholders, including those of minority Shareholders, are protected.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code.

During the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the Corporate Governance Code in all material respects except the deviations as disclosed in this report.

MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed they have complied with the Model Code throughout the year ended 31 December 2024.

BOARD OF DIRECTORS

The Board currently comprises eight members, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors.

The biographical information of the Directors and the relationships between the members of the Board are set out in the section headed "Biographies of Directors and Senior Management" on pages 50 to 52 of this annual report.

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other executive Directors and non-executive Director during the year.

The attendance record of each Director at the Board meetings and general meeting(s) of the Company held during the year ended 31 December 2024 is set out below:

The Board	**Board Meetings** Attendance	**Annual General Meeting** Attendance
Executive Directors		
Mr. Yip Siu Lun Dave *(Chairman)*	8/8	1/1
Mr. Mak Yung Pan Andrew	8/8	1/1
Mr. Wu Cody Zhuo-xuan	8/8	1/1
Ms. Cheung Ka Yuen	8/8	1/1
Non-executive Director		
Ms. Lin Ping	1/8	0/1
Independent Non-executive Directors		
Mr. Leung Ka Tin	8/8	1/1
Mr. Cheng Hong Kei	8/8	1/1
Mr. Liew Fui Kiang (retired on 21 June 2024)	1/4	0/1
Mr. Ko Kwok Shu	8/8	1/1

Code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive Directors were unable to attend the annual general meeting of the Company that was held on 21 June 2024 respectively due to personal reasons.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of Chairman was held by Mr. Yip Siu Lun Dave and the duties of the chief executive officer is performed by the existing management of the Group. This constitutes a deviation from the Code Provision C.2.1 but the Board is of the view that given the small size of the existing management team, Mr. Yip Siu Lun Dave has considerable experience in business development and the Board believes that the current structure will enable the Company to make and implement decisions promptly and efficiently. The Board will meet regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

APPOINTMENTS, RE-ELECTION AND RETIREMENT OF DIRECTORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term. Such term is subject to his/her reappointment by the Company at an annual general meeting upon such Director's retirement by rotation at least once every three years and offering himself/herself for re-election. Pursuant to the Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the following general meeting of the Company and shall then be eligible for re-election and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election. Also, pursuant to the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

The CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, Ms. Lin Ping is not appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association. Since her appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors, including the non-executive Director and the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate.

According to the records maintained by the Company, the Directors received the following training with an emphasis on but not limited to the roles, functions and duties of a director of a listed company on continuous professional development during the year ended 31 December 2024.

Name of Directors	**Reading Materials**	**Attending Seminars/ Trainings**
Executive Directors		
Mr. Yip Siu Lun Dave *(Chairman)*	✓	✓
Mr. Mak Yung Pan Andrew	✓	✓
Mr. Wu Cody Zhuo-xuan	✓	✓
Ms. Cheung Ka Yuen	✓	✓
Non-executive Director		
Ms. Lin Ping	✓	✓
Independent Non-executive Directors		
Mr. Leung Ka Tin	✓	✓
Mr. Cheng Hong Kei	✓	✓
Mr. Liew Fui Kiang (retired on 21 June 2024)	✓	✓
Mr. Ko Kwok Shu	✓	✓

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website.

The majority of the members of each Board committee are independent non-executive Directors and the list of chairman and members of each Board committee is set out under "Corporate Information" on page 2.

AUDIT COMMITTEE

An Audit Committee has been established with written terms of reference in compliance with the Corporate Governance Code. The main duties of the Audit Committee are to, amongst others, assist the Board in reviewing the financial information and reporting system, internal control system and risk management, relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu. Mr. Cheng Hong Kei, an independent non-executive Director, is the chairman of the Audit Committee.

The Audit Committee held five meetings to review interim and annual financial results and reports during the year ended 31 December 2024 and significant issues on, amongst others, the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties. The consolidated results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

The attendance record of each Director at the Audit Committee meetings held during the year ended 31 December 2024 is set out below:

Audit Committee	Attendance
Mr. Cheng Hong Kei *(Committee Chairman)*	5/5
Mr. Leung Ka Tin	5/5
Mr. Liew Fui Kiang (retired on 21 June 2024)	1/2
Mr. Ko Kwok Shu	3/3

REMUNERATION COMMITTEE

A Remuneration Committee has been established with written terms of reference in compliance with the Listing Rules and Corporate Governance Code. The primary functions of the Remuneration Committee include determining the remuneration packages of individual executive Directors and senior management; reviewing and making recommendation to the Board on the remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy to ensure that no Director or any of his associates will participate in deciding his own remuneration. The Remuneration Committee is also responsible for reviewing and approving the matters relating to the share schemes of the Company. Such share options are granted based on individual employee's performance and the achievement of certain goals that are consistent with the Group's objective of maximising long-term value for the Shareholders.

The Remuneration Committee currently consists of three independent non-executive Directors, namely, Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu. Mr. Cheng Hong Kei, an independent non-executive Director, is the chairman of the Remuneration Committee.

The Remuneration Committee held four meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company, assess the performance of the executive Directors, to determine the remuneration packages of the executive Directors and senior management and other related matters during the year ended 31 December 2024.

The attendance record of each Director at the Remuneration Committee meetings held during the year ended 31 December 2024 is set out below:

Remuneration Committee	Attendance
Mr. Cheng Hong Kei *(Committee Chairman)*	2/2
Mr. Leung Ka Tin	2/2
Mr. Liew Fui Kiang (retired on 21 June 2024)	1/1
Mr. Ko Kwok Shu	1/1

The remuneration of Directors and senior management of the Company by band for the year ended 31 December 2024 is set out below:

	Number of Persons
HK$0 to HK$500,000	6
HK$500,001 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	–
HK$3,000,001 to HK$3,500,000	–
HK$3,500,001 to HK$4,000,000	3
HK$4,000,001 to HK$4,500,000	–
HK$10,000,001 to HK$10,500,000	1

NOMINATION COMMITTEE

A Nomination Committee has been established with written terms of reference in compliance with the Listing Rules and Corporate Governance Code. The primary functions of the Nomination Committee are to review the Board composition, make recommendations to the Board on the appointment and succession planning of Directors, and assess the independence of independent non-executive Directors.

The Nomination Committee has adopted a set of nomination procedures for review of the structure, size and composition (including the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; implement and review the Board Diversity Policy; develop, review and disclose the policy for nomination of directors; assess the independence of independent non-executive Directors; and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the Chief Executive Officer.

The Nomination Committee currently consists of three independent non-executive Directors, namely Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu and one executive Director, namely Mr. Yip Siu Lun Dave, an executive Director, is the chairman of the Nomination Committee.

The Nomination Committee held four meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the annual general meeting during the year ended 31 December 2024.

The attendance record of each Director at the Nomination Committee meetings held during the year ended 31 December 2024 is set out below:

Nomination Committee	Attendance
Mr. Yip Siu Lun Dave *(Committee Chairman)*	2/2
Mr. Leung Ka Tin	2/2
Mr. Cheng Hong Kei	2/2
Mr. Liew Fui Kiang (retired on 21 June 2024)	1/1
Mr. Ko Kwok Shu	1/1

BOARD DIVERSITY POLICY

The Board has adopted a revised Board Diversity Policy for the year ended 31 December 2024 to comply with the Code Provision and the Stock Exchange's guidelines on board diversity. The Board Diversity Policy aims to set out the approach to achieve diversity in the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives, including but not limited to gender, age, cultural and educational background, professional experience, knowledge and skills. In identifying suitable candidates, the Nomination Committee will consider candidates on merit and against the objective criteria with due regard for the benefits of diversity on the Board.

Currently, the gender diversity of the Board is at approximately 25% (2 female out of 8 Directors). The Nomination Committee and the Board will review the Board's target gender diversity ratio from time to time and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Further, the Board currently consists of members with different professional backgrounds and from different age groups. Accordingly, the Nomination Committee considers that the current composition of the Board is characterised by diversity (including gender diversity) after taking into account its own business model and specific needs, whether considered in terms of professional experience or skills.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the Corporate Governance Report and monitor the implementation of the Board Diversity Policy (including the need to identify potential successors to the Board to achieve gender diversity). The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As at the date of this annual report, the Board comprises eight Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterized by significant diversity, whether considered in terms of age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

DIVIDEND POLICY

The Board adopted a dividend policy for the year ended 31 December 2024. The Board has the discretion to declare and distribute dividends to the shareholders of the Company. Any declaration of final dividends for the year will be subject to the approval of the Company's shareholders. The Board shall take into account the financial position, cashflow situation, business conditions and strategies, current and future operations and earnings, capital requirements and expenditure plans, interests of shareholders, prevailing economic environment, any restrictions on payment of dividends of the Group and any other factors or conditions that the Board may consider relevant when considering the declaration and payment of dividends.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 63 to 67.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 is set out in note 9 to the consolidated financial statements of the Company.

INTERNAL CONTROLS AND RISK MANAGEMENT

Under Code Provision D.2.5, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the Audit Committee members. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks. No major issue was raised for improvement. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

During the year, the Group has appointed an external independent consultant to conduct a review of the Group's internal control systems. It covers all material financial, operational and compliance controls. The Board has conducted an annual review on the effectiveness of the Group's risk management and internal control systems based on the reports of the external independent consultant and considers that the Group's risk management and internal control systems as at 31 December 2024 to be effective and adequate.

COMPANY SECRETARY

Mr. Chan Kam Fuk, aged 59, was appointed as the Company Secretary on 31 December 2021. Mr. Chan has extensive experience in finance, auditing and accounting. Mr. Chan graduated from The University of Southern Queensland, Australia with a Master of Professional Accounting in 1998 and from the City University of Hong Kong with the degree of Master of Science in Finance in 1995. Mr. Chan is currently the Deputy CEO of In.Corp Corporate Services (HK) Ltd, a TCSP licensed corporate advisory firm in HK. He is a qualified accountant in Hong Kong and Australia and therefore he meets the qualification requirements under Rule 3.28 of the Listing Rules. During the year ended 31 December 2024, Mr. Chan has received no less than 15 hours relevant professional training to update his skill and knowledge.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there was no significant change in the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the election of individual Directors. All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholder meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Pursuant to article 58 of the Company's articles of association, any one or more Shareholders 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 of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There is no provision allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the articles of association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the principal place of business of the Company in Hong Kong:

Address: Suite 10A and 10B, 15/F., Nine Queen's Road Central, Central, Hong Kong

Fax: 3422 8030
Email: dchan@gilstongroup.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (852) 3897 9800 for assistance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including independent non-executive Directors, and the chairman of all Board committees (or their delegates) will make themselves available at the annual general meetings of the Company to meet Shareholders and answer their enquiries.

Environmental, Social and Governance Report

A. GOVERNANCE STRUCTURE

The Board (the "**Board**") of Directors (the "**Directors**") of Gilston Group Limited ("**GGL**" or the "**Company**"), together with its subsidiaries (collectively, the "**Group**"), is dedicated to maintaining high standards of corporate governance. The Group's sustainability vision aims to enhance its ability to operate and thrive profitably amidst economic, environmental, technological, and social volatility, while fostering a strong culture of sustainability throughout the organisation.

An effective and well-structured governance framework enables the Group to meet the expectations of its key stakeholders and achieve long-term, sustainable growth. The Board is responsible for overseeing the Group's leadership, performance, and overall management.

To facilitate effective decision-making and provide guidance on matters within their respective areas, the Board has established three committees:

1. Audit Committee

2. Remuneration Committee

3. Nomination Committee

These committees play a supervisory role in overseeing various aspects of the Company's operations.

B. REPORTING PRINCIPLES AND BOUNDARIES

This Environmental, Social, and Governance (the "**ESG**") Report is prepared in accordance with the "comply or explain" provisions outlined in the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set forth in Appendix C2 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Based on the Group's assessment of materiality, quantitative factors, and consistency in relation to its business operations, this report covers the Group's performance and initiatives in key areas, including environmental protection, employment policies and benefits, operational management, community engagement, and other aspects of its manufacturing and sales activities. These operations are carried out in Guangdong Province and Hubei Province in the People's Republic of China, as well as at the Group's Hong Kong headquarters, for the reporting period from 1 January 2024 to 31 December 2024.

All data and information in this Report are sourced from the Group's official documents and relevant records. The Report has been compiled by the Group's management and staff to evaluate the internal practices governing its environmental, social, operational, and governance activities.

The Group evaluates the significance of these issues in relation to its business growth and stakeholder interests and reports accordingly.

C. REPORTING ON ENVIRONMENTAL PARAMETERS

C1. POLICY AND GOVERNANCE ON ENVIRONMENTAL ASPECTS

In line with ISO standards (including ISO 14001) and relevant national laws and regulations, the Group has developed the Manual of Environmental Control System, which governs its environmental policy across various processes, including design, production, and sales. This policy emphasises the importance of reducing waste, conserving energy, and encouraging employees to recycle materials whenever possible, thereby minimising the environmental impact of daily operations.

To ensure the policy remains effective and aligned with current conditions, the relevant committee conducts an annual review and updates the Group's environmental strategies accordingly.

The Group is endeavouring to protect the environment in all aspects through:

- Comply with relevant environmental protections laws and regulations

- Continuous exploring to improve the sustainable manufacturing process

- Provide appropriate education, awareness, training, and resources to all employees

- Systematically identifying the relevant environment factors that affect our operations and formulating relevant remedial actions

- Having measures or procedures in place that respond to environmental events that create adverse the impacts on the environment and community.

- Wherever feasible, use materials under the principles of reduction, reuse, recycling, and repair.

1.1 Emission Management

The Group strictly complies with the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), and the Standard for Pollution Control on Hazardous Waste Storage (危險廢物儲存污染控制標準). Following an assessment of the environmental impact of its production facilities, the Group confirmed that the emissions of air pollutants, greenhouse gases, wastewater, sewage, and non-hazardous residues adhere to the relevant PRC regulations.

During the fiscal year ended 2024, the Group did not identify any instances of non-compliance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes or other applicable laws and regulations.

Hazardous Waste and Non-Hazardous Waste Management

The hazardous and non-hazardous waste generated from the Group's production processes primarily includes the following:

- Hazardous waste: waste mineral oil, dyestuff, waste coatings, broken lamps, and waste barrels.

- Non-hazardous waste: packaging materials, zippers, sludge, and domestic refuse.

To prevent secondary pollution, the Group strictly complies with relevant regulations when packing, storing, and transporting hazardous waste, which is sent to authorised professional waste handling institutions for recycling or disposal. Additionally, dyeing sludge is dewatered to reduce its water content and volume, thereby lessening the impact on landfills. Non-hazardous waste, such as domestic refuse and kitchen waste, is collected and disposed of by municipal government authorities.

Non-hazardous waste mainly arises from discarded packaging and office-generated domestic waste. Metals and broken machine parts are collected and handled by designated waste collectors. Hazardous waste from the manufacturing process is securely stored and collected separately by qualified waste disposal professionals.

Exhaust Gas and Greenhouse Gas, Dust Emission

The Group has obtained a Pollutant Discharge Permit (污染物排放許可證) from the Ministry of Environmental Protection, as well as a Pollutant Emission Permit from the relevant governmental regulatory authority, ensuring that its emissions comply with national standards.

To further minimise its environmental impact, the Group continues to enhance its exhaust gas emission system. During the reporting period, the local environmental protection ministry conducted random inspections of sulphur dioxide, carbon monoxide, and other exhaust gases. The results confirmed that the Group's emissions were below the permissible density limits for air pollutants from oil-fired boilers, as stipulated in the Emission Limit of Air Pollutants for Industrial Boilers (鍋爐大氣污染物排放限值).

Sewerage Treatment

The sewage generated by the Group's operations primarily comprises dyeing and boiler wastewater. A wastewater storage and monitoring system has been installed to aid in sewage treatment. The wastewater flows into treatment plants, where it is processed through a reclaimed water recycling system. Filters are replaced more frequently to enhance recycling efficiency.

After treatment, the recycled water is reused for dyeing, cleaning, cooling, and watering vegetation within the industrial area. Treated wastewater is then discharged into the drainage system. The Group actively promotes green operations by implementing automation, improving processes, and reusing wastewater in the dyeing process.

Additionally, the Group sends discharged wastewater to certified testing facilities, while the local environmental protection agency conducts regular inspections. Effluent emissions, including Chemical Oxygen Demands (COD), suspended solids, and nitrogen, meet the discharge standards for water pollutant sources in dyeing and finishing prevention (紡織染整工業水污染物排放標準).

Table 1 – Emissions Profile:

Emissions	Unit	FY2022		FY2023		FY2024	
		Emissions	Intensity (per HK$1M revenue)	Emissions	Intensity (per HK$1M revenue)	Emissions	Intensity (per HK$1M revenue)
Greenhouse Gas							
Scope 1 Emissions	tCO_2e	420.79	1.95	1,108.80	4.16	1,258.88	3.78
Scope 2 Emissions	tCO_2e	8,749,267.12	40,581.02	8,502.55	31.90	9,248.78	27.74
Scope 3 Emissions	tCO_2e	218.00	1.01	264.26	0.99	0	0
Total (Scope 1, 2 & 3)	tCO_2e	8,749,905.63	40,583.98	9,875.61	37.05	10,507.66	31.52
Exhaust Gas							
Nitrogen Oxides	kg	231.05	1.07	182.43	0.72	204.41	0.61
Sulphur Oxides	kg	64.31	0.30	0.00	0.00	46.34	0.14
Particulate Matter	kg	980.80	4.55	89.61	0.34	41.87	0.13
Sewage	tonnes	189.03	0.88	154,306.10	578.91	131,323.57	393.92
Hazardous Waste	tonnes	6.44	0.03	184.22	0.81	226.55	0.68
Non-Hazardous Waste	tonnes	1,196.21	5.55	20.92	0.08	12.04	0.04

1.2 *Efficient Use of Resources*

Practising reduce, reuse, and recycle not only promotes the efficient use of Earth's valuable resources but also helps save and lower costs. Consequently, the Group has implemented various eco-friendly measures, incorporating them into daily operations while encouraging employees to participate actively.

The Group's manufacturing process primarily consumes electricity, and to minimise energy usage, energy-saving lamps have been installed as part of a green lighting initiative aimed at reducing electricity consumption.

To conserve water and enhance efficiency, the Group has repaired old water pipes, fixed leaks, and reduced tap water usage. Additionally, the research and development department has introduced two metal zipper cleaners that effectively remove plating solution, thereby cutting down water consumption.

To support a paperless environment, employees are encouraged to adopt electronic methods, such as using email for daily tasks, promoting paperless office practices, and engaging in double-sided printing. They are also urged to switch off lights, computers, fans, and other electronic devices when not in use to minimise consumption.

Table 2 – Resource Consumption:

Resource Utilization	Unit	FY2022		FY2023		FY2024	
		Consumption	Intensity (per HK$1M revenue)	Consumption	Intensity (per HK$1M revenue)	Consumption	Intensity (per HK$1M revenue)
Electricity	kWh	12,739,459	59,094.43	12,965,319	48,641.59	15,891,373	47,668.02
– Office	kWh	408,385	1,894.37	346,985	1,301.77	234,035	702.02
– Factory	kWh	12,331,075	57,200.06	12,618,334	47,339.82	15,657,338	46,966.00
Steam	MMBTU	5,626	26.10	6,388.55	23.97	7,075.84	21.22
Water	tonnes	252,134	1,169.57	225,390	845.59	255,272	765.72
Paper	kg	2,729	12.66	2,118.27	7.95	3,037.65	9.11
Diesel Oil	L	369,895	1,715.83	6,964.81	26.13	5,419.08	16.26
LPG	kg	39,160	181.65	23,140	86.81	22,652.40	67.95
Natural Gas	m^3	107,176	497.16	548,152	2,056.49	624,285	1,872.62

The Group primarily uses plastic bags and cartons as packaging materials, with their sizes determined based on the specific needs of customers and the dimensions of the products. While recognising the importance of packaging, the Group strives to maximise resource efficiency by minimising the use of packaging materials to reduce waste generation.

Table 3 – Packaging Material:

Packaging Material	Unit	FY2022		FY2023		FY2024	
		Consumption	Intensity (per HK$1M revenue)	Consumption	Intensity (per HK$1M revenue)	Consumption	Intensity (per HK$1M revenue)
Carton Box	kg	78,777.94	365.43	73,256.06	274.83	100,469.40	301.37
Plastic Bags	kg	19,218.775	89.15	21,982.70	82.47	28,413.30	85.23

1.3 The Environment and Natural Resources

The Group acknowledges the importance of environmental protection and regularly assesses its environmental impact while reviewing its practices and implementing necessary preventive or improvement measures to minimise the negative effects of its business operations on the environment.

The Group also engages with suppliers, business partners, and clients to enhance their understanding of its environmental policies, select certified green raw materials, and adopt energy-efficient equipment, while remaining committed to fostering environmental awareness among employees.

1.4 Climate Change

Climate change is already impacting organisations and communities worldwide, with the growing intensity and frequency of extreme weather events, prolonged droughts, and rising temperatures and sea levels. Global and regional efforts are being coordinated to stabilise and reduce greenhouse gas (GHG) emissions caused by human activities through a collective transition to a low-carbon economy.

Amid of the climate change risk and disruption globally and in the region such as raw material shortages, potential carbon taxes and stringent sustainability standards i.e. GHG Reporting, the Group has commenced to plan and strategise towards greener manufacturing to reducing carbon footprint and long term energy costs.

To address climate change, the Group has identified pathways for emission reduction and formulated a strategy for controlling and reducing emissions.

D. REPORTING ON SOCIAL PARAMETERS

D1. EMPLOYMENT PRACTICES

Employees are valuable assets of the Group, and effective human resources management plays a key role in maintaining corporate competitiveness. The Group is committed to enhancing its recruitment system and working environment, creating opportunities for employees to develop their careers, and fostering a supportive culture to ensure that all employees are protected and respected.

a. Policy and Governance Aspects

The Group adheres to national and regional laws and regulations in Hong Kong and Mainland China, including the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法), and the Employment Ordinance (僱傭條例) of Hong Kong. The Group has established a fair and transparent employment policy and an Anti-discrimination Policy, ensuring that all employees are entitled to equal employment opportunities regardless of nationality, religious belief, gender, marital status, disability, or age (except for those under 16).

The Group also strictly complies with the Law of the People's Republic of China on the Protection of Disabled Persons (中華人民共和國殘疾人保障法) and the Mandatory Provident Fund Schemes Ordinance (強制性公積金計劃條例) of Hong Kong, covering contributions to housing provident funds, social insurance, mandatory provident funds, labour insurance, and other related benefits.

b. Fair and Open Talent Selection

The Group has established a Recruitment Management System to ensure fair and transparent hiring processes. The Human Resources Department selects candidates based on objective criteria, including work experience, job skills, and academic qualifications. To attract and retain talent, the Group offers fair and competitive remuneration along with employee benefits. Salary adjustments and promotions are determined by objective factors such as job performance, professional skills, regular assessments, and work evaluations.

c. ***Staff Advantages***

The Group offers employees a range of leave options, including rest periods, marriage and bereavement leave, maternity leave, injury leave, annual leave, family planning leave, and paternity leave.

To promote work-life balance, various recreational facilities such as table tennis tables, snooker tables, and a gym have been made available. Additionally, the Group organises social, recreational, and sporting events, including basketball tournaments and birthday celebrations, allowing employees to unwind through activities such as movie gatherings, travelling, and hobby groups.

For factory workers, the Group provides dormitory accommodations equipped with free Wi-Fi and essential daily necessities. Air conditioners are routinely repaired and replaced as needed to enhance living conditions. Complimentary meals are also provided, with the staff canteen offering a balanced diet that includes both meat and vegetables in a healthy and safe dining environment. Employees working in food preparation undergo annual health checks and are required to wear appropriate safety gear, including chef hats, masks, and plastic shoes, in compliance with local regulations that mandate obtaining a Food Service Permit (食品衛生許可證).

The Administration and Diet Committee oversees the daily operations of the staff canteen and monitors the food suppliers to ensure compliance with national hygiene standards. Regular satisfaction surveys are distributed to employees, with feedback reviewed and followed up to drive continuous improvement and ensure quality.

d. *Workforce Details and Turnover Rates*

The Group welcomes individuals from diverse backgrounds, encouraging those with a passion for learning, engagement, and contribution to become part of the team.

As of the end of the FY2024, the Group employed 654 full-time staff (FY2023: 655). Key metrics related to job divisions, regions, age groups, and gender are summarised in the table below.

Table 4 – Employees:

Particular	FY2022		FY2023		FY2024	
	Number	% of Total Staff	Number	% of Total Staff	Number	% of Total Staff
Employment Type						
– Full Time	637	100.00	655	100.00	654	100.00
– Part Time	0	0.00	0	0.00	0	0.00
Gender						
– Male	374	58.71	397	60.61	382	58.41
– Female	263	41.29	258	39.39	272	41.59
Age Group						
– 18 to 30	73	11.46	98	14.96	92	14.07
– 31 to 40	288	45.21	288	43.97	280	42.81
– 41 to 50	219	34.38	210	32.06	234	35.78
– 50 or above	57	8.95	59	9.01	48	7.34
Geographical Region						
– China	621	97.49	632	96.49	640	97.86
– Hong Kong	16	2.51	23	3.51	14	2.14
Employee Categories						
– Senior Management	12	1.88	16	2.44	29	4.43
– Middle Management	22	3.46	21	3.20	29	4.43
– General Staff	603	94.66	618	94.36	596	91.13
Service Period						
– Less than 5 years	365	57.30	394	60.15	382	58.41
– 5 to 10 years	135	21.19	133	20.30	162	24.77
– Over 10 years	137	21.51	128	19.54	110	16.82

Employee Percentage Turnover rate (%)

Particular	FY2022	FY2023	FY2024
Employment Type			
– Full Time	27.03	0.00	41.40
– Part Time	0.00	0.00	0
Gender			
– Male	23.36	0.00	38.49
– Female	31.69	1.92	45.05
Age Group			
– 18 to 30	50.68	0.00	64.62
– 31 to 40	27.82	0.00	42.39
– 41 to 50	16.09	4.20	24.52
– 50 or above	12.31	0.00	20.00
Geographical Region			
– China	27.03	0.00	41.07
– Hong Kong	0.00	0.00	6.67
Employee Categories			
– Senior Management	6.67	0.00	23.68
– Middle Management	13.04	4.65	14.71
– General Staff	27.78	0.00	42.91
Service Period			
– Less than 5 years	36.74	0.00	52.66
– 5 to 10 years	9.40	1.49	8.99
– Over 10 years	6.80	6.79	16.03

D2. HEALTH AND SAFETY

a. *Policy and Governance Aspects*

The Group prioritises the health and safety of its employees and is dedicated to maintaining a safe working environment. This commitment is upheld by strict compliance with relevant laws and regulations, including the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法), and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法).

b. *Safe Work Environment*

The Group enforces the 5S workplace management system in its factories, focusing on sorting (Seiri), setting in order (Seiton), vacuuming (Seiketsu), cleaning (Seiso), and maintaining discipline (Shitsuke). Employees are provided with protective gear, including gloves, masks, ear protection, and safety boots. A labour gear supervision mechanism is in place, with regular checks to monitor and ensure the proper use of protective equipment. Employees in specialised roles, such as electricians, are required to obtain government-recognised licences and pass necessary exams before commencing work.

Electricians are responsible for replacing damaged electrical wires, maintaining and repairing electronic appliances, and ensuring the safety of electrical systems through double insulation of wires.

To enhance workplace safety, the Group annually engages a qualified professional organisation to detect and assess occupational hazards and develop measures to mitigate occupational health and safety risks. Relevant employees also undergo annual occupational health examinations. Additionally, the Group conducts thorough inspections and analyses of machinery, implementing protective measures where potential safety risks are identified. For example, safety screens have been installed on all semi-automatic punching equipment to enhance employee protection.

The Group has established a Fire Safety Control System and equipped its factories with an interactive fire alarm system. Designated staff conduct monthly inspections, maintenance, and repairs of fire apparatus, which are also checked annually by a licensed professional institution. All safety exits are fitted with safety and emergency lights and are kept unobstructed. Furthermore, a production safety task force has been formed to develop emergency response plans and coordinate regular fire drills in collaboration with local fire departments, held every spring and autumn for all employees.

c. ***Health and Safety Trainings***

The Group promotes enhanced safety awareness among employees through a series of on-the-job training sessions and a three-tier mechanism designed for new joiners. This mechanism equips them with essential knowledge, including production safety practices, relevant regulations and systems, proper use of safety equipment, maintenance and usage of personal protective gear, preventive measures, and awareness of occupational hazards. These efforts aim to strengthen overall safety consciousness within the workplace.

Education Categories	Abstract
First Level (Corporate Education)	• The Company's production safety circumstance and basic knowledge of production safety. • The Company safety rules and regulations and labour discipline. • The employees' rights and obligations in production safety. • Emergency rescue plan and self-help knowledge. • The accident case study. • Other safety-related training.
Second Level (Workplace Education)	• Working environment and risk factors. • Occupational hazards and casualties that may be suffered. • Work safety responsibilities, operational skills and mandatory standards. • Rescue and first aid methods, evacuation and on-site emergency treatment. • Use and maintenance of safety equipment and personal protective equipment. • Safety production conditions in workplace and related rules and regulations. • Measures to prevent accidents and occupational hazards and safety matters that should be paid attention to. • The accident case study. • Other training content.
Third Level (Position Education)	• Safety operating procedures for related position. • The safety and occupational health matters relating to interconnection between different positions. • The accident case study. • Other training contents.

The Group enhances workplace safety by sending representatives to participate in first aid training conducted by the Red Cross. A list of certified first aiders is regularly announced, and emergency first aid kits are strategically placed throughout the premises.

Each year, the Group invites local authorised medical rescue units to conduct on-site first aid training for all employees, ensuring they are equipped with essential life-saving skills.

To further promote fire safety awareness, employees undergo fire drills that include practising pre-set escape routes and receiving hands-on training in the proper use of fire extinguishers and first-aid procedures.

Table 5 – Occupational Health and Safety

Occupational Health and Safety Statistics	FY2022	FY2023	FY2024
Number of lost days due to work injury	313.5	60	356
Number of work-related fatalities due to work	0	0	0
Number of work injuries due to work	8	2	4

D3. DEVELOPMENT AND TRAINING

The Group's Training Management System governs employee training policies and offers a diverse range of internal and external training programmes. New joiners undergo induction training, which covers key areas such as corporate culture, company regulations and systems, safety protocols, environmental health and safety (EHS), job-specific skills, and work procedures to help them better adapt to the workplace environment.

The Human Resources Department develops annual training plans, which are adjusted based on actual business needs to enhance employee competitiveness and professional skills.

To further enrich training opportunities, the Group has established long-term partnerships with external training institutions. Experienced professionals, including students and renowned professors, are invited to deliver lectures on topics such as human resources, administration, finance, production management, personal development, research and development, and marketing.

The Group also organises and supplies training sessions on management skills, safety procedures, communication, and computer proficiency. Additionally, targeted courses, such as "Minimising Ethical Trade Risks in the Supply Chain" (降低供應鏈道德貿易風險), are offered to improve the awareness and capabilities of front-line managers.

For senior management, the Group supports enrolment in Master's degree programmes in business administration and other essential leadership skills. English classes are also subsidised to enhance the overall competitiveness of the management team.

Table 6 – Training

Particulars	Male	Female	Senior Management	Middle Management
No. of training hours attended	884	716	18	18
No. of staff attended training	382	272	29	29
Average training hours completed per trained staff	2.31	2.63	0.62	0.62
% of staff attended training	100	100	100	100

D4. LABOUR STANDARDS

The Group strictly adheres to national laws and regulations, firmly prohibiting child and forced labour. To prevent the hiring of underage workers, the Human Resources Department verifies applicants' identities during the recruitment process.

In line with these commitments, the Group's Code of Social Responsibility explicitly prohibits all forms of coerced and child labour. Additionally, the Employee Manual sets clear guidelines on reasonable working hours, ensuring that they do not exceed limits established by local laws. Employees are guaranteed at least one day off per week, with no mandatory overtime, and receive compensation for night shifts and overtime work.

To address any concerns, the Group has established Complaint Management Procedures, enabling employees subjected to forced labour to submit written complaints through suggestion boxes, voice their concerns through labour unions, or report issues verbally to factory management. These mechanisms, together with comprehensive laws and internal policies, protect employees' rights and interests.

During the Reporting Period, no incidents of child or forced labour were recorded within the Group.

D5. SUPPLY CHAIN MANAGEMENT

The Group's Supply Chain Management System governs procurement procedures and policies, ensuring effective and transparent sourcing practices. By establishing a "Clean Cooperation Commitment" with its suppliers, the Group aims to foster positive, long-term partnerships based on fairness, impartiality, and openness. Original countersigned copies of the agreement are retained and periodically updated.

Suppliers are evaluated using key criteria, including product quality, reliability, pricing, delivery efficiency, quality assurance systems, and company size. To balance source control with economic benefits, the Group also considers suppliers' environmental protection initiatives when conducting supplier classification and routine assessments.

To enhance chemical safety management, the Group has implemented the Chemicals Safety Control System and Control Standard of Prohibited Substances, both of which were updated during the Reporting Period.

All chemical suppliers are required to provide Material Safety Data Sheets (MSDS), detailing essential information such as primary ingredients, usage guidelines, storage, and transportation requirements. These reports are printed and displayed prominently in warehouse areas. Additionally, third-party testing reports for key raw materials are uploaded to a shared digital drive, ensuring accessibility for all employees.

To maintain product safety and quality, the Group mandates that all procured materials comply with the eighth-level needle detection standard. A needle detector has also been acquired to inspect metal materials and further enhance quality control.

In an effort to minimise transportation-related carbon emissions, the Group sources all suppliers domestically, with the majority located in Guangdong Province, Zhejiang Province, and Shanghai. As of 31 December 2024, the Group had 558 suppliers, and no significant complaints regarding material quality were reported throughout the fiscal year.

D6. PRODUCT RESPONSIBILITY

a. *Quality Assurance*

The Group is dedicated to delivering high-quality products and services, continuously improving product standards, attracting new customers, and strengthening relationships with existing ones. The Group also strictly complies with all applicable laws and regulations concerning the health and safety of its products and services.

To uphold product excellence, the Group has implemented a robust quality assurance system. Its production facilities have earned multiple internationally recognised certifications, including the ISO 9001 Quality Management System, STANDARD 100 by OEKO-TEX® (OEKOTEX 100) for textile products, the Trim Qualification Program (TQP), and the Global Recycled Standard (GRS).

Additionally, a well-equipped and proficient Quality Control Department has been established to enforce rigorous product quality standards, ensuring strict adherence to customers' specific requirements.

b. *Consumer Service*

The Group encourages valued customers to share their feedback through various channels, including verbal communication, telephone, mail, fax, in-person visits, and other means. To address customer concerns effectively, the Group has established a Customer Complaint Handling Mechanism aimed at promptly investigating, resolving complaints, and providing timely feedback.

Complaints related to product quality are handled by the Quality Control Department, while customer communication is managed by the Sales Department. During FY2024, the Group received 0 customer complaints (FY2023: 0 complaints). Notably, there were no product recalls due to health and safety issues during the reporting period.

c. *Privacy Policy*

The Group places great importance on safeguarding the personal data of both employees and customers and strictly adheres to the Personal Data (Privacy) Ordinance (個人資料(私隱)條例) under Hong Kong law. To ensure the proper handling and secure storage of sensitive information, the Group has established detailed guidelines aimed at preventing any unauthorised editing, usage, resale, or misuse of customer and employee data for unintended purposes.

Throughout the reporting period, the Group did not observe or receive any complaints regarding the misuse, unauthorised access, or mishandling of personal information related to customers or employees.

d. *Advertising*

The Group ensures strict compliance with the Advertising Law of the People's Republic of China (中華人民共和國廣告法) and closely monitors the design and updating of packaging materials for new products.

Packaging specifications, including size, material requirements, labelling, and other relevant elements, are reviewed and approved by the marketing, production, logistics, and quality control departments to ensure alignment with regulatory standards.

Throughout the reporting period, all advertising and promotional activities were conducted in strict adherence to applicable laws and regulations in the regions where the Group operates. No instances of advertisements containing misleading or false statements were recorded.

D7. ANTI-CORRUPTION

The Group upholds the principles of honesty and integrity, with a firm commitment to eradicating corruption, bribery, fraud, illegal rebates, misappropriation, and theft of corporate assets.

To reinforce ethical practices, the Group strictly adheres to the Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), the Prevention of Bribery Ordinance (防止賄賂條例) under Hong Kong law, and other applicable national and regional laws and regulations concerning bribery, extortion, fraud, and money laundering. These regulations form the foundation of the Group's Anti-Corruption and Reporting System.

All employees, except general workers, are required to sign a "Clean Agreement" to formalise their commitment to ethical conduct. Additionally, before engaging in business transactions, the Group mandates customers and suppliers to sign the "Clean Cooperation Commitment", pledging to refrain from fraudulent, bribery-related, or other dishonest practices in any business dealings.

a. *Whistle-Blowing Policy*

The Group's internal control department monitors and investigates reports submitted through designated reporting emails, hotlines, and mailboxes. To encourage reporting, a reward system for whistle-blowers has also been established.

The Group strictly safeguards the confidentiality of whistle-blowers, including their names, addresses, and workplace departments. Upon receiving a report, prompt investigation and verification are conducted. In confirmed cases of serious misconduct, the matter is escalated to law enforcement authorities, and whistle-blowers may be recognised and rewarded accordingly.

b. *Anti-Corruption Training*

The Group conducts anti-corruption training to raise awareness of integrity and educate employees on national and regional anti-corruption laws and regulations. It remains committed to combating corruption and bribery to eradicate dishonest practices in business operations.

In FY2024, no cases related to bribery, extortion, fraud, or money laundering were reported or detected.

D8. COMMUNITY

The Group has established the "KEE Charitable Foundation" to support employees facing difficult circumstances by raising funds through employee contributions and assistance from the labour union. This initiative strengthens the Group's corporate appeal, fosters team spirit, and demonstrates its proactive commitment to corporate social responsibility (CSR).

The Foundation provides financial aid for various hardships, including covering education expenses for employees' children, supporting employees or their immediate family members affected by severe accidents or illnesses, assisting with unaffordable medical bills, and offering relief for damages caused by natural disasters.

Over the years, the Group has actively fulfilled its CSR by donating to support the disabled and underprivileged while contributing to the development of young people and athletes. Employees are encouraged to participate in charitable activities, including visiting the disabled during festive seasons and holidays. Annual sheltered factory visits are organised to express care for the disabled, raise donations for employees in need, and engage in community initiatives.

During FY2024, the Group took a pause in its CSR programme activities as the Group undergoes internal restructuring and operational realignment to better position ourselves for long-term sustainability. Nonetheless, the Foundation continues to serve as a platform for providing targeted assistance to employees in need, particularly in cases involving medical expenses, educational support for employees' children, and emergency relief for accidents or natural disasters.

HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

Aspects from Appendix C2	Disclosure	Sections in ESG Report
Mandatory Disclosure Requirements		
13. Governance Structure	A statement from the board containing the following elements: i. A disclosure of the board's oversight of ESG issues ii. The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG related issues (including risks to the issuer's businesses) iii. How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Governance Structure
14. Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistency) in the preparation of the ESG report.	Reporting Principles and Boundaries
15. Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Principles and Boundaries
Environmental		
A1. Emissions		
A1 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.	Policy and Governance on Environmental Aspects
KPI A1.1	The types of emission and respective emissions data.	Table 1 – Emissions Profile
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Table 1 – Emissions Profile
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Table 1 – Emissions Profile
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Table 1 – Emissions Profile

Aspects from Appendix C2	Disclosure	Sections in ESG Report
KPI A1.5	Description of emission target(s) set, and steps taken to achieve them.	Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them.	Hazardous waste and non-hazardous waste management
A2. Use of Resources		
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Efficient use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Table 2 – Resource Consumption
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Table 2 – Resource Consumption
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Efficient use of resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Efficient use of resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Table 3 – Packaging Materials
A3. The Environment and Natural Resources		
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Aspects from Appendix C2	Disclosure	Sections in ESG Report
A4. Climate Change		
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	Climate Change
Social		
B1. Employment		
B1 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	Employment practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Table 4 – Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee turnover rate (%)
B2. Health and Safety		
B2 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to provide a safe working environment and protection employees from occupational hazard.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Table 5 – Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Table 5 – Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Aspects from Appendix C2	Disclosure	Sections in ESG Report
B3. Development and Training		
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management)	Table 6 – Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Table 6 – Training
B4. Labour Standards		
B4 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measured to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
B5. Supply Chain Management		
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management

Aspects from Appendix C2	Disclosure	Sections in ESG Report
B6. Product Responsibility		
B6 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Product Responsibility
B7. Anti-Corruption		
B7 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
B8. Community Investment		
B8 General Disclosure	Policies on community investment to understand the needs if the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Community

Biographies of Directors and Senior Management

As at the date of this annual report, the Board consists of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Yip Siu Lun Dave, aged 64, was appointed as an executive Director and chairman of the Board with effect from 23 March 2022. Mr. Yip is experienced in the finance industry. Mr. Yip has been the chief financial officer of Maple International Group (China) Company Limited, a company incorporated in Hong Kong focusing on property development since 2014, in which he is responsible for the company's project management and financing.

Mr. Wu Cody Zhuo-xuan, aged 28, was appointed as an executive Director with effect from 23 March 2022. Mr. Wu has been the administrative manager of Maple International Group (China) Company Limited since 2021 after completing his undergraduate studies. Mr. Wu is the nephew of Mr. Wu Jingming, who was a substantial shareholder of the Company and be interested in, through Central Eagle, approximately 22.78% of the issued share capital of the Company.

Mr. Mak Yung Pan Andrew, aged 35, was appointed as an executive Director and authorized representative of the Company with effect from 19 November 2019. Mr. Mak is the Co-Founder and Chief Corporate Development Officer of Rockpool Capital Limited ("**Rockpool**") which he started in 2017. Rockpool is an integrated wealth management platform holding licenses to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Prior to joining Rockpool, he was a Management Associate at the Standard Chartered Bank from July 2010 to March 2011. Mr. Mak then worked at JPMorgan Chase Bank, N.A. as an Associate from March 2011 to June 2016. Mr. Mak has been a director of Apex Insurance (Holdings) Limited, an insurance broker in Hong Kong since August 2016, being primarily responsible for overall management and investment strategy. Mr. Mak obtained a Bachelor of Business Administration (double major in Marketing and Management) at Hong Kong University of Science and Technology in 2010. Mr. Mak is a representative of Rockpool licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

Ms. Cheung Ka Yuen, aged 36, was appointed as an executive Director with effect from 14 October 2022. Ms. Cheung obtained a Bachelor of Arts with Second Class Honours (1st Division) degree in Accounting from Edinburgh Napier University in 2016. From November 2014 to March 2017, Ms. Cheung worked at Gullivers Travel Associates (Hong Kong) Limited as an accounting clerk and was responsible for handling accounting matters and documents. Ms. Cheung has been the general manager of Maple International Group (China) Company Limited since September 2017, and is responsible for overseeing the operation of property investment segment in Hong Kong and Singapore as well as overall strategy, business planning and operational decision of the Company. Since February 2022, Ms. Cheung has been the Company's general manager.

NON-EXECUTIVE DIRECTOR

Ms. Lin Ping, aged 66, was appointed as a non-executive Director with effect from 19 November 2019. Ms. Ling has joined 深圳市卓永實業發展有限公司 (Shenzhen Zhuoyong Industrial Development Company Limited*) as its director and general manager in 1995, a company established in the PRC with limited liability, which is principally engaged in real estate development and investment.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei, aged 70, was appointed as an independent non-executive Director with effect from 19 November 2019. Mr. Cheng is a co-founding director of Cheng & Cheng Limited. Mr. Cheng has over 35 years of experience in accounting and taxation and has extensive knowledge in auditing, tax planning and tax investigation. Prior to incorporating Cheng & Cheng Limited in 1991, Mr. Cheng has worked in PricewaterhouseCoopers in Hong Kong. Mr. Cheng was an assessor in the Inland Revenue Department (the "**IRD**") and has worked in the Profits Tax and Investigation divisions in the IRD for 12 years. After Mr. Cheng left the IRD in 1988, Mr. Cheng then served as a Manager and an Associate at Messrs. S. H. Leung & Company and Ho Tak Sang and Company for three years. Mr. Cheng is an independent non-executive Director of Great China Properties Holdings Limited (stock code: 21) and GET Holdings Limited (stock code: 8100). Mr. Cheng obtained a high diploma at The Hong Kong Polytechnic in 1975 and is a certified tax adviser. Mr. Cheng is also a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Taxation Institute of Hong Kong.

Mr. Leung Ka Tin, aged 71, was appointed as an independent non-executive Director with effect from 17 February 2016. Mr. Leung holds a Diploma in Management Studies. Mr. Leung has over 35 years of management experience in banking, treasury operation, project finance, logistics and human resource management. He was a senior management team member of various financial institutions including First Pacific Group, Nedcor Asia (previously known as Nedfinance), BfG Germany and Delta Asia Financial Group as well as companies in the logistics and telecommunication sectors including EAS Da Tong Group and Trident Telecom Ventures Limited. Mr. Leung also has extensive experience in the corporate finance field. He served as director for the following companies listed on the Stock Exchange, namely China Kingstone Mining Holdings Limited (stock code: 1380) and National Agricultural Holdings Limited (stock code: 1236) as an executive director, China International Development Corporation Limited (stock code: 264), Narnia (Hong Kong) Group Company Limited (stock code: 8607), Wealth Glory Holdings Limited (stock code: 8269), Rentian Technology Holdings Limited (stock code: 885), Evershine Group Holdings Limited (stock code: 8022) as an independent non-executive director and an independent non-executive director for PanAsialum Holdings Company Limited (stock code: 2078) which is listed on the Stock Exchange. Mr. Leung is currently servicing as an independent non-executive director for Ruixin International Holdings Limited (stock code: 724) and Kelfred Holdings Ltd. (stock code: 1134).

Mr. Ko Kwok Shu, aged 51, was appointed as an independent non-executive Director with effect from 14 October 2022. Mr. Ko is currently a practicing solicitor in Hong Kong, a Civil Celebrant of Marriages and a China Appointed Attesting Officer. Mr. Ko graduated from City University of Hong Kong with a Bachelor of Laws degree in 1996 and subsequently obtained a Postgraduate Certificate in Laws from City University of Hong Kong in 1997. Mr. Ko was admitted as a solicitor of Hong Kong in 1999 and is currently a partner at Messrs. Yung, Yu, Yuen & Co., Solicitors and Notaries. Mr. Ko specializes in the areas of civil and commercial litigation, dispute resolution and commercial matters.

SENIOR MANAGEMENT

The senior management are responsible for the day-to-day management of the Group's business.

Mr. Xu Xipeng, aged 59, is one of the founders of the zipper business of the Group and the elder brother of Mr. Xu Xinan. Mr. Xu holds directorship in various subsidiaries of the Company and Mr. Xu is responsible for the formulation of development strategies and production management of zipper business. Mr. Xu has over 30 years of experience in the zipper industry, especially on the overall management and production supervision.

Mr. Xu Xinan, aged 54, is one of the founders of the zipper business of the Group and the younger brother of Mr. Xu Xipeng. Mr. Xu holds directorship in various subsidiaries of the Company and Mr. Xu is responsible for sales and marketing and non-production management work of zipper business. Mr. Xu has over 30 years of experience in the zipper industry especially on the overall management and sales and marketing.

Ms. Liang Qing, aged 37, joined the Group in May 2011, is currently responsible for the financial management of the zipper business. Ms. Liang graduated from Hunan University with a bachelor's degree in management in 2010, major in accounting.

Mr. Lin Sunming, aged 44, joined the Group in March 2022, is currently the Chief Investment Officer and is responsible for investment and financing management of the Group. Mr. Lin has significant work experience in asset management and liquidity management in both public and private financial markets investments. Before joining the Group, Mr. Lin worked as Chief Investment Officer of China Shipbuilding Capital Limited ("**CSCL**"), and an Attorney at Law in Shanghai, China. The combination and financial acumen enables Mr. Lin to offer insights into corporate strategy formulation and execution of the Company.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of finished zippers and other garment accessories etc. in China. The Group's major customers are OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well known international apparel labels in China. In September 2023, the Group commenced to provide property management service.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in note 38 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group during the year, the description of the future business development, and the risks and uncertainties that the Group faces are set out in the Chairman's Statement and Management Discussion and Analysis in this annual report. The particulars of financial risk management of the Group are set out 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 Group's financial summary on page 3 of this annual report.

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 December 2024 and the financial position of the Group as at 31 December 2024 are set out in the consolidated financial statements on 68 to 71 of this annual report.

A discussion and analysis of the Group's performance during the year and material factors underlying its results and financial position are set out in the Management Discussion and Analysis of this annual report.

DIVIDENDS

The Board does not recommend any payment of a final dividend (2023: Nil) in respect of the year 2024 to the Shareholders.

No arrangement under which a Shareholder has waived or agreed to waive any dividends was made by the Company for the year ended 31 December 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 3 to 6 of this annual report.

RESERVES

As at 31 December 2024, distributable reserves of the Company amounted to approximately HK$32.01 million (2023: approximately HK$37.23 million). Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity shown in the consolidated financial statements on page 72 of this annual report.

Report of the Directors

RELATIONSHIP OF STAKEHOLDERS

The Group continues to have the concept of “Do it for you”, we work for employees, shareholders, partners including customers and suppliers and society. To the best knowledge of the Group, employees, customers and partners are the key to have continuous sustainable development. We committed to being people oriented and building up good relationship with employees and partners, and working together with our partners to provide high quality products and services to achieve the goal of sustainable development and contribution to the society.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility. Details of the environmental policy and performance of the Group are set out in the environmental, social and governance report of this annual report. For the year ended 31 December 2024, the Group did not receive any environmental-related penalty or fines.

COMPLIANCE WITH RELATED LAW AND REGULATIONS

As far as the Board and management are aware, the Group has complied all related laws and regulations in all material aspects which may have significant impact on the operation of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases of the Group attributable to its major customers and suppliers respectively for the two financial years were as follows:

	Year ended 31 December	
	2024 % of total turnover	2023 % of total turnover
The largest customer	**28.6**	7.4
Five largest customers	**45.7**	29.5

All of the above five largest customers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors, their associates or any Shareholder holding more than 5% of the issued share capital of the Company, has any interest in any of the Group’s five largest customers as disclosed above.

	Year ended 31 December	
	2024 % of total purchase	2023 % of total purchase
The largest supplier	**6.4**	15.7
Five largest suppliers	**19.7**	47.9

All of the above five largest suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors, their associates or any Shareholder holding more than 5% of the issued share capital of the Company, has any interest in any of the Group’s five largest suppliers as disclosed above.

Report of the Directors

PROPERTY, PLANT, EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 27(c) to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands where the Company is incorporated.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors
Mr. Yip Siu Lun Dave *(Chairman)*
Mr. Wu Cody Zhuo-xuan
Mr. Mak Yung Pan Andrew
Ms. Cheung Ka Yuen

Non-executive Director
Ms. Lin Ping

Independent Non-executive Directors
Mr. Leung Ka Tin
Mr. Cheng Hong Kei
Mr. Liew Fui Kiang (Retired on 21 June 2024)
Mr. Ko Kwok Shu

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of Directors and senior management of the Group are set out on pages 51 to 53 of this annual report.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for directors' and officers' liabilities. The permitted indemnity provision is currently in force and was in force throughout the year ended 31 December 2024 in accordance with the definition in section 469 of the Companies Ordinance.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has any unexpired service contract which is not determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangement or contracts of significance in relation to the Company's business to which the Company, its holding companies or its subsidiaries was a party and in which a Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted as at the end of the year or any time during the year ended 31 December 2024.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year ended 31 December 2024 or at any time during the financial year ended 31 December 2024.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, which competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2024 and up to and including the date of this annual report.

REMUNERATION POLICY

The remuneration of employees (including Directors and senior management of the Group) is determined with reference to their qualification, expertise and experience in the industry, competence, duties and responsibilities within the Group, the performance and profitability of the Group as well as the market benchmark and the prevailing market conditions. Employees shall also be eligible to receive a discretionary year-end incentive bonus, which shall be determined by the Group at its absolute discretion taking into account, inter alia, the Group's operating performance, market conditions in which the Group operates and the individual's performance, payable at such time as the Group may consider appropriate, and discretionary share options.

None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2024.

PENSION SCHEME

In the PRC, the Group contributes to social insurance on a monthly basis for its employees. The Group has no further obligation for payment of post-retirement benefits to employees beyond the aforesaid contributions made by the Group.

The Group also participates in mandatory provident fund scheme (the "**MPF Scheme**") in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group and are under the control of an independent trustee. Both the Group and its employees are required to contribute 5% of the employees' monthly salaries. The mandatory contributions required to be made respectively by the Group and an employee are each capped at HK$1,500 per month. Members are entitled to 100% of the employers' mandatory contributions as soon as they are paid to the MPF Scheme but all benefits derived from the mandatory contributions must be preserved until an employee reaches the retirement age of 65 or in accordance with the rules of the MPF Scheme.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Nature of Interest	Number of Shares	Approximate Percentage of Interest
Lin Ping (note 1)	Interest in controlled corporation	26,556,126	4.62%
Mak Yung Pan Andrew (note 1)	Interest in controlled corporation	26,556,126	4.62%

Name of Director	Nature of Interest	Number of the Underlying shares	Approximate Percentage of Interest
Yip Siu Lun Dave (note 2)	Beneficial owner	33,465,888	5.83%
Cheung Ka Yuen (note 3)	Beneficial owner	5,577,648	0.97%

Notes:

1. Golden Diamond Inc. ("**Golden Diamond**") is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew and holds long position in 26,556,126 shares of the Company. Accordingly, each of Ms. Lin Ping and Mr. Mak Yung Pan Andrew is deemed to be interested in the 26,556,126 shares of the Company.

2. Following the grant of share options on 27 September 2023 and the approval from shareholder in extraordinary general meeting on 29 November 2023, pursuant to the terms of the Scheme, the number of underlying Shares that Mr. Yip Siu Lun Dave is interested is 33,465,888 underlying Shares.

3. Following the grant of share options on 27 September 2023, pursuant to the terms of the Scheme, the number of underlying Shares that Ms. Cheung Ka Yuen is interested is 5,577,648 underlying Shares.

4. The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 31 December 2024.

Save as disclosed above, As at 31 December 2024, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the register maintained under section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' and other persons' interests and short positions, representing 5% or more of the Company's issued share capital, were as follows:

LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Interest
China Sun (note 1)	Beneficial owner	122,551,035	21.33%
Central Eagle (note 2)	Beneficial owner	130,897,663	22.78%
Golden Diamond (note 3)	Beneficial owner	26,566,126	4.62%
Noble Wisdom Ever Limited ("**Noble Wisdom**") (note 4)	Security interest	326,089,600	56.76%
China Huarong Overseas Investment Holdings Co., Limited ("**Huarong Overseas**") (note 5)	Interest of controlled corporation	326,089,600	56.76%
華融華僑資產管理股份有限公司 Huarong Overseas Chinese Assets Management Corporation Limited* ("**Huarong Overseas Chinese**") (note 6)	Interest of controlled corporation	326,089,600	56.76%
Huarong Zhiyuan Investment & Management Company Limited* ("**Huarong Zhiyuan**") (note 7)	Interest of controlled corporation	326,089,600	56.76%
China Huarong Asset Management Co., Ltd. ("**China Huarong Asset Management**") (note 7)	Interest of controlled corporation	326,089,600	56.76%
Chan Ho Yin (note 8)	Joint and several receivers	149,117,161	25.96%
Li Kin Long Kenny (note 8)	Joint and several receivers	149,117,161	25.96%

Notes:

1. China Sun is wholly-owned by Mr. Qiu Chuanzhi.

2. Central Eagle is 100%-owned by Mr. Wu Jingming.

3. Golden Diamond is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew.

4. Noble Wisdom is wholly-owned by Huarong Overseas.

5. Huarong Overseas is wholly owned by Huarong Overseas Chinese.

6. Huarong Overseas Chinese is 91%-owned by Huarong Zhiyuan.

7. Huarong Zhiyuan is wholly owned by China Huarong Asset Management.

8. Chan Ho Yin and Li Kin Long Kenny have been appointed Joint and Several Receivers over the Charged Assets (as defined in the share charges executed by China Sun Corporation, Central Eagle Limited and Golden Diamond Inc. (as chargors) over shares of the Company in favour of Noble Wisdom Ever Limited ("**Chargee**") dated 2 July 2019) on 7 October 2021 pursuant to 3 Deeds of Appointment of Receivers signed by the Chargee dated 7 October 2021.

9. The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) that had registered an interest or a short position in the Shares, underlying shares or debentures of the Company which was required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which was required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as those disclosed in section headed "Share Option Scheme", at no time during the year ended 31 December 2024 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS

The details of connected transactions are set out in section headed "Connected Transactions" of the Management Discussion and Analysis.

OTHER RELATED-PARTY TRANSACTIONS

Details of other related-party transactions entered into by the Group during the year ended 31 December 2024, which did not constitute connected transactions under Chapter 14A of the Listing Rules are set out in note 28 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company adopted a New Share Option Scheme (the "**Scheme**"), which was approved in the Company's general meeting on 30 May 2023 with the view to providing incentives or rewards to the eligible participants for their contribution or potential contribution to the Group.

According to the Scheme, the Board may at its discretion grant share options to employee participants, and for the purposes of the Scheme, the offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable).

In general, the maximum number of shares in respect of which options may be granted under the Scheme and under any other share option scheme or share award scheme of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the adoption date i.e. 55,776,480 share options.

The maximum total number of Shares which may be issued upon exercise of all share options to be granted under the Scheme has been reached as of 29 November 2023. No share options granted were subsequently cancelled for the year ended 31 December 2024.

Therefore, (i) the number of options cancelled during the year ended 31 December 2024 was nil; (ii) the number of options available for grant under the Scheme at the beginning of the year ended 31 December 2024 was nil; and (iii) the number of Shares that may be issued in respect of options granted under the Scheme (following the grant of options as disclosed and as of 31 December 2024) divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2024 was 0.1.

The total number of shares issued and which may fall to be issued upon exercise of the Share Options and the share options and share awards granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding share options and share awards but excluding any share options and share awards lapsed in accordance with the terms of the scheme) to each Grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue.

The Directors may in its absolute discretion determine the period during which an option may be exercised, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors, the Scheme shall be valid and effective for a period of 10 years after the date of adoption of the Scheme.

The exercise price shall be determined by the Board and must not be less than the highest of (i) the official closing price of the Company's shares on the date of grant, (ii) the average of the official closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share.

The movements of the Company's share option outstanding under the Scheme during the year ended 31 December 2024 are as follows:

		Number of options						
	Date of Grant	Granted	Lapsed	As at 31 December 2024	Exercise period	Exercise price HK$	Share Price immediately prior to the date of grant (HK$ per Share)	Fair value of Share Option (HK$ per Share)
Director								
Mr. Yip Siu Lun Dave	29 November 2023	33,465,888	–	33,465,888	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44
Ms. Cheung Ka Yuen	27 September 2023	5,577,648	–	5,577,648	5 years from 27 September 2023 to 26 September 2028 (both dates inclusive)	1.09	1.05	0.56

	Date of Grant	Number of options: Granted	Lapsed	As at 31 December 2024	Exercise period	Exercise price HK$	Share Price immediately prior to the date of grant (HK$ per Share)	Fair value of Share Option (HK$ per Share)
Senior Management								
Mr. Lin Sunming	29 November 2023	16,732,944	–	16,732,944	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44

As at the date of this report, there is no outstanding shares available for issue under the Scheme.

Please also refer to Note 26 to the Consolidated Financial Statements in this report for further details of the options granted under the Scheme.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2024, the Company has not entered into the equity-linked agreements, and there was no equity-linked agreement entered into by the Company as at 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained the required public float for its shares as required under the Listing Rules throughout the year ended 31 December 2024.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by SFAI (HK) CPA Limited. SFAI (HK) CPA Limited will retire as auditor of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SFAI (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting. BDO Limited was the Company's auditor for the year ended 31 December 2023 and 31 December 2022.

On behalf of the Board

Yip Siu Lun Dave
Chairman
Hong Kong, 28 March 2025

Independent Auditor's Report

TO THE MEMBERS OF GILSTON GROUP LIMITED
(FORMERLY KNOWN AS CHINA APEX GROUP LIMITED)
進騰集團有限公司（前稱為中國恒泰集團有限公司）
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Gilston Group Limited (formerly known as China Apex Group Limited, the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 68 to 145, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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 policies and other explanatory information.

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

Basis for opinion

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

Key audit matters

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

Impairment assessment on the Group's property, plant and equipment, right-of-use assets and intangible assets

The key audit matter	How the matter was addressed in our audit
As disclosed in notes 16, 17(a) and 18 to the consolidated financial statements, as at 31 December 2024, the Group's property, plant and equipment, right-of-use assets and intangible assets amounted to approximately HK$50,903,000, HK$64,231,000 and HK$680,000 that are mainly attributable to its Manufacture and Sales of Zippers business segment. The management of the Company has performed impairment assessment on the Group's property, plant and equipment, right-of-use assets and intangible assets that are mainly attributable to its Manufacture and Sales of Zippers business segment. When indicator of possible impairment has been identified, recoverable amounts are determined based on the higher of fair value less cost of disposal or value-in-use calculation of each cash-generated unit, in which the property, plant and equipment, right-of-use assets and intangible assets were allocated to. An impairment assessment requires significant judgements and estimates in estimating the recoverable amounts after taking into consideration of the assumptions used in preparation of future cash flows arising from these assets of its Manufacture and Sales of Zippers business segment. These assumptions included growth rates of sales revenue, gross profit margins and discount rate applied to bring the future cash flows to their present value. We identified impairment assessment on the Group's property, plant and equipment, right-of-use assets and intangible assets as a key audit matter because of their significance of balances to the consolidated financial statements as a whole and the significant judgements and estimates involved in determining the recoverable amounts.	Our procedures in relation to the impairment assessment on the Group's property, plant and equipment, right-of-use assets and intangible assets included, among others, the following: • To assess the appropriateness of the methodologies used in preparation of the cash flow projections; and • To assess the reasonableness of key assumptions and inputs used in preparation of the cash flow projections including the discount rate and other assumptions with reference to available internal and external information.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 12 April 2024.

Other Information

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

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

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

Responsibilities of the Directors of the Company and Audit Committee for the Consolidated Financial Statements

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

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

The audit committee is responsible for reviewing and providing supervision over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Chow Ka Li.

SFAI (HK) CPA Limited
Certified Public Accountants
Chow Ka Li
Practising Certificate Number: P07809

Hong Kong, 28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	7	**333,376**	266,548
Cost of sales		**(157,867)**	(156,008)
Gross profit		**175,509**	110,540
Other revenue and (losses)/gains, net	8	**16,134**	(4,465)
Distribution costs		**(23,500)**	(23,168)
Administrative expenses		**(101,077)**	(93,741)
Reversal of impairment loss/(impairment loss) on			
– Trade receivables	21(a)	**371**	(360)
– Property, plant and equipment	16	**–**	(25,512)
– Right-of-use assets	17	**–**	(28,527)
– Intangible assets	18	**–**	(491)
– Prepayments for property, plant and equipment		**–**	(1,654)
Finance costs	9	**(3,752)**	(3,224)
Profit/(loss) before tax	10	**63,685**	(70,602)
Income tax expense	11	**(30,781)**	(9,267)
Profit/(loss) for the year		**32,904**	(79,869)
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		**32,300**	(69,043)
Non-controlling interests		**604**	(10,826)
Profit/(loss) for the year		**32,904**	(79,869)
Profit/(loss) per share attributable to the equity shareholders of the Company (HK cents)	15		
Basic		**5.6**	(12.4)
Diluted		**5.5**	(12.4)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year	**32,904**	(79,869)
Other comprehensive income for the year		
– Exchange differences on translation of the financial statements of subsidiaries in the Mainland China	**(5,740)**	(4,137)
Total comprehensive income for the year	**27,164**	(84,006)
Attributable to:		
Equity shareholders of the Company	**26,975**	(72,585)
Non-controlling interests	**189**	(11,421)
Total comprehensive income for the year	**27,164**	(84,006)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**50,903**	32,941
Right-of-use assets	17(a)	**64,231**	39,859
Intangible assets	18	**680**	614
Investment properties	19	**17,174**	–
Prepayment and rental deposits	21	**164,749**	5,424
Deferred tax assets	26	**7,139**	4,522
		304,876	83,360
Current assets			
Inventories	20	**36,393**	27,090
Trade and other receivables	21	**67,048**	103,750
Amount due from a related party	22	**1,991**	–
Time deposit	23	**–**	571
Cash and cash equivalents	23	**141,480**	63,332
		246,912	194,743
Current liabilities			
Trade and other payables	24	**114,904**	63,320
Tax payable		**34,814**	8,191
Bank borrowings	25	**19,082**	–
Lease liabilities	17(a)	**18,914**	15,556
		187,714	87,067
Net current assets		**59,198**	107,676
Total assets less current liabilities		**364,074**	191,036
Non-current liabilities			
Bank borrowings	25	**95,409**	–
Lease liabilities	17(a)	**72,694**	56,453
Deferred tax liabilities	26	**3,378**	1,124
		171,481	57,577
Net assets		**192,593**	133,459

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Capital and reserves			
Share capital	27	**5,745**	5,578
Reserves		**175,121**	117,800
Total equity attributable to the equity shareholders of the Company		**180,866**	123,378
Non-controlling interests		**11,727**	10,081
Total equity		**192,593**	133,459

On behalf of the Board

Yip Siu Lun Dave
Director

Wu Cody Zhuo-xuan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Share premium* HK$'000 (Note (i) below)	Share option reserve* HK$'000 (Note (ii) below)	Capital reserve* HK$'000 (Note (iii) below)	Statutory reserve* HK$'000 (Note (iv) below)	Exchange reserve* HK$'000 (Note (v) below)	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2023	5,578	213,575	–	18,324	25,856	(515)	(77,905)	184,913	21,502	206,415
Changes in equity for 2023										
Loss for the year	–	–	–	–	–	–	(69,043)	(69,043)	(10,826)	(79,869)
Other comprehensive income	–	–	–	–	–	(3,542)	–	(3,542)	(595)	(4,137)
Total comprehensive expense	–	–	–	–	–	(3,542)	(69,043)	(72,585)	(11,421)	(84,006)
Appropriation to statutory reserve	–	–	–	–	2,389	–	(2,389)	–	–	–
Share-based compensation (note 23)	–	–	11,050	–	–	–	–	11,050	–	11,050
Balance at 31 December 2023	5,578	213,575	11,050	18,324	28,245	(4,057)	(149,337)	123,378	10,081	133,459
Balance at 1 January 2024	**5,578**	**213,575**	**11,050**	**18,324**	**28,245**	**(4,057)**	**(149,337)**	**123,378**	**10,081**	**133,459**
Changes in equity for 2024										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**32,300**	**32,300**	**604**	**32,904**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(5,325)**	**-**	**(5,325)**	**(415)**	**(5,740)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**-**	**(5,325)**	**32,300**	**26,975**	**189**	**27,164**
Appropriation to statutory reserve	**-**	**-**	**-**	**-**	**7,102**	**-**	**(7,102)**	**-**	**-**	**-**
Placing of new shares, net of expenses	**167**	**19,725**	**-**	**-**	**-**	**-**	**-**	**19,892**	**-**	**19,892**
Share-based compensation	**-**	**-**	**10,621**	**-**	**-**	**-**	**-**	**10,621**	**-**	**10,621**
Acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,457**	**1,457**
Balance at 31 December 2024	**5,745**	**233,300**	**21,671**	**18,324**	**35,347**	**(9,382)**	**(124,139)**	**180,866**	**11,727**	**192,593**

* The reserves accounts comprises the Group's reserves of HK$175,121,000 (2023: HK$17,800,000) in the consolidated statement of financial position.

Notes:

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

According to the Company's Memorandum and Articles of Association, dividends may be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose with the sanction of an ordinary resolution.

(ii) Share option reserve

The share option reserve represents the reserve relating to the Company's share option scheme.

(iii) Capital reserve

Capital reserve comprises the following:

– reserves arising prior to and during the reorganisation of the Group during the year ended 31 December 2010;

– reserves arising from the disposal of the Group's 15% equity interests in a subsidiary during the year ended 31 December 2016, to a related entity without losing control in the subsidiary whereby adjustments were made to the amounts of controlling interests – capital reserve and non-controlling interests.

(iv) Statutory reserve

Statutory reserve was established in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC. Transfers to the reserve were approved by the respective board of directors.

KEE (Guangdong) and KEE (Zhejiang) Garment Accessories Limited ("**KEE Zhejiang**"), which are wholly foreign owned enterprises established in the PRC, are required to transfer at least 10% of its net profit (after offsetting prior year's losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of these entities. The transfer to this reserve must be made before distribution of dividends to the equity owners.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into paid-up capital provided that the balance after such conversion is not less than 25% of the registered capital.

(v) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than HK$. The reserve is dealt with in accordance with the accounting policy set out in note 4(n).

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**63,685**	(70,602)
Adjustments for:			
Depreciation and amortisation		**25,051**	32,918
Impairment losses/(reversal of impairment losses) on			
– trade receivables and bills receivable		**(371)**	360
– property, plant and equipment		**–**	25,512
– right-of-use assets		**–**	28,527
– intangible assets		**–**	491
– prepayments for property, plant and equipment		**–**	1,654
Impairment losses on inventories, net		**500**	1,212
Interest income		**(1,366)**	(1,071)
Interest expenses on borrowings		**200**	–
Interest expenses on lease liabilities		**3,552**	3,224
Share-based payments		**10,621**	11,050
Loss on disposal of property, plant and equipment		**3,861**	8,959
Net foreign exchange gains		**–**	(2,072)
Bargain gain on acquisition of a subsidiary	35	**(3,571)**	–
Compensation received		**(12,494)**	–
Operating profit before working capital changes		**89,668**	40,162
(Increase)/decrease in inventories		**(9,803)**	5,152
Increase in trade and other receivables		**(49,684)**	(60,357)
(Increase)/decrease in rental deposits		**(525)**	2,025
Increase in amount due from a related party		**(1,991)**	–
Decrease in trade and other payables		**12,497**	14,325
Cash generated from operations		**40,162**	1,307
Income tax paid		**(8,927)**	(10)
Net cash generated from operating activities		**31,235**	1,297
Investing activities			
Prepayments for property, plant and equipment		**(1,852)**	(3,721)
Payment for the purchase of property, plant and equipment		**(30,773)**	(10,747)
Payment for the purchase of intangible assets		**(279)**	(158)
Withdrawal/(placement) of time deposit with original maturity over 3 months		**571**	(571)
Compensation received		**12,494**	1,418
Proceeds from disposal of property, plant and equipment		**1,026**	4,348
Net cash inflow from acquisition of a subsidiary	35	**57,607**	–
Interest received		**1,366**	1,071
Net cash generated from/ (used in) investing activities		**40,160**	(8,360)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Financing activities			
Repayment to a related party		**–**	(7,393)
Capital element of lease rental paid		**(14,642)**	(22,765)
Interest element of lease rental paid		**(3,552)**	(3,224)
Proceeds from placing of new shares, net of expenses		**19,892**	–
Proceeds from borrowings		**10,827**	–
Interest paid for bank borrowings		**(200)**	–
Net cash generated from/(used in) financing activities		**12,325**	(33,382)
Net increase/(decrease) in cash and cash equivalents		**83,720**	(40,445)
Cash and cash equivalents at 1 January		**63,332**	105,266
Effect of foreign exchange rate changes		**(5,572)**	(1,489)
Cash and cash equivalents at 31 December	23	**141,480**	63,332

1. GENERAL INFORMATION

Gilston Group Limited (the "**Company**") was incorporated in the Cayman Islands on 6 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of its registered office and its principal place of business are disclosed in the *Corporate Information* section to the annual report.

The Company acts as an investment holding company. The Company and its subsidiaries (the "**Group**") are mainly engaged in the manufacture and sales of zippers business. In September 2023, the Group commenced to provide property management service to Jiajinlong Car City and from December 2024, the Company commenced its leasing and subleasing of Jiajinlong Car City business.

These consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), which is also the functional currency of the Company.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

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

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

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

Except for the new and amendments to HKFRSs mentioned below, the application of the amendments to HKFRSs is not expected to have material impact to the Group's consolidated financial statements in the future.

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18")

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group's consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's future consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The carrying amount of non-controlling interests that represent present ownership interests in the subsidiaries is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (seethe accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and the borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than construction in progress, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Leasehold improvements	Over the shorter of the unexpired term of lease and their estimated useful lives of 3 to 10 years.
–	Machinery	5 – 10 years
–	Vehicles and other equipment	4 – 5 years

Construction in progress ("**CIP**") represents property, plant and equipment under construction and pending installation, and is stated at cost less impairment losses.

Cost comprises direct costs of construction during the construction period. Capitalisation of these costs ceases and the CIP is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

(c) Investment properties

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

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially recognised at their fair value at the acquisition date of the subsidiary which are regarded as its cost. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

Right-of-use assets (Continued)

The Group presents right-of-use assets that do not meet the definition of “investments properties” as a separate line item on the consolidated statement of financial position while right-of use -assets that meet the definition of “investment properties” are presented within “investments properties”.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

The lease payments included:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

Operating leases

The Group accounts for a modification to an operating lease 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.

(e) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is only one measurement category for the Group's debt instruments.

Amortised cost:

Financial assets including rental deposits, trade and other receivables and cash and cash equivalents that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECLs on trade receivables and other financial assets measured at amortised cost (including other receivables, rental deposits and cash and cash equivalents). The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and bills receivable using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of another debt financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group takes into account the following information when assessing whether credit risk has increased significantly since initial recognition and assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due irrespective of the outcome of the above assessment.

- failure to make payments of principal or interest on their contractually due dates;

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

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

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, or (2) the financial asset is more than 90 days past due.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case 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.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(iii) Financial liabilities

Financial liabilities at amortised cost including trade and other payables and amount due to a related party. They are initial measured at fair value, net of directly attributable transaction cost incurred. Subsequently, they are measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(f) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– intangible assets;

– prepayments for property, plant and equipment; and

– investments in subsidiaries in the Company’s statement of financial position.

If any such indication exists, the asset’s recoverable amount is estimated.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of non-financial assets (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(g) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to defined contribution retirement schemes are recognised as an expense in profit or loss as follows:

*(a) Employees of the Group in the People's Republic of China (the "**PRC**")*

Pursuant to the relevant labour rules and regulations in the PRC, employees of the Group in the PRC participated in the central pension scheme, which is a defined contribution plan administered by the PRC government, whereby the Group is required to make contributions to the central pension scheme based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. Contributions made to the central pension scheme vest immediately.

(b) Employees of the Group in Hong Kong

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund scheme of the Group ("**MPF Scheme**"). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

(i) Share-based payments

When equity settled share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of the reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vested. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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 control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

(i) Sale of zippers and related products

Revenue from sales of zippers and related products is recognised when the customers have obtained control of the goods, being when the goods are delivered to the respective customers' specific locations and have been accepted by the customers, and the corresponding trade or bills receivable are recognised as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. There is generally only one performance obligation. Invoices are usually payable within 30 to 90 days. For certain customers such as new customers, deposits paid in advance are required before goods are delivered.

The Group's contracts with customers from the sale of zippers and related products generally do not provide customers a right of return (a right to exchange another product or right to refund in cash). In addition, return of defective products seldom occurs as goods sold to customers generally meet the objective specifications required by customers. Any necessary costs incurred in replacement or rectification of defective goods sold are insignificant to the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (Continued)

(ii) Revenue from provision of property management service

Revenue from provision of property management service is recognised over time on straight-line basis during the term of agreement as the customer simultaneously receives and consumes the benefits as and when the Group performs.

The monthly service fee is calculated based on the agreed percentage on the income of the subject property in accordance with the terms and conditions of the agreement. The invoices are issued on monthly basis.

(m) Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is netted against the asset purchased.

(n) Translation of foreign currencies

For the purpose of presenting these consolidated financial statements, the Group adopted HK$ as its presentation currency. The functional currency of the Company and its subsidiaries other than those established in the PRC is HK$ and the functional currency of the subsidiaries established in the PRC is Renminbi ("**RMB**").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into HK$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into HK$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Related parties

(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 the Group's parent.

(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 or to the Group's parent.

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 included:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. The Group bases the assumptions and estimates on experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of material accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The material accounting policies are set forth in note 4. The Group believes the following material accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Impairment

(i) Non-financial assets

The Group reviews the carrying amounts of these assets at the end of each reporting period to determine whether there is indication of impairment. When indication of impairment is identified, management conduct impairment assessment on these non-financial assets by preparing discounted future cash flows to determine whether any previously impairment loss recognised should be reversed or additional impairment loss should be recognised. Such impairment assessment requires significant judgements in estimating the recoverable amount after taking into consideration of the assumptions used in preparation of future cash flows arising from these assets of zipper business. These assumptions included growth rates of sales revenue, gross profit margins and discount rate applied to bring the future cash flows to their present value. Any change in the assumptions adopted in the cash flow forecasts may result in recognition or reversal of impairment loss or increase or decrease impairment loss for the year and affect the Group's net asset value.

(ii) Receivables

The assessment of impairment losses on financial assets measured at amortised cost is performed based on expected credit losses model in accordance with the accounting policies of the Company. The Group uses judgements and estimates, and makes assumptions and selects inputs as considered appropriate in performing the impairment assessment. Any change in the estimates, assumptions and inputs adopted in the assessment may increase or decrease the impairment loss for the year and affect the Group's net asset value.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Inventories

The Group's inventories comprise zippers and other related products which are to be sold to original equipment manufacturers ("**OEM**") of clothing brands. The future saleability of inventories is subject to changing consumer preferences and fashion trends.

The Group exercises judgment to determine the appropriate level of provisioning for inventory items that may be sold below cost or ultimately written off due to a reduction in demand resulting from unfavorable changes in consumer preferences. This assessment is necessary to prevent the carrying value of inventories from exceeding their net realisable value.

Factors such as current market conditions, historical usage rates, and experience in selling similar goods are considered when estimating provision for inventories. However, the level of provision required may change significantly due to changes in market conditions. Any change in the estimates may increase or decrease the impairment loss for the year and affect the Group's net asset value.

(c) Estimation of the incremental borrowing rate for leasing

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

6. SEGMENT REPORTING

The chief operating decision-maker (i.e. "**CODM**") has been identified as the senior executive management of the Company.

The Group manages its businesses by divisions, which are organised by a mixture of both business line and geography.

Prior to September 2023, the Group was mainly engaged in the manufacture and sales of Zippers, i.e. Manufacture and Sales of Zippers business segment.

Since September 2023, the Group commenced a new business on provision of property management service in the Mainland China and it is considered as a new operating and reportable segment by the CODM. i.e. Provision of Property Management Services operating and reportable segment. As such, the Group reorganised its internal reporting structure which resulted in an additional reportable segment i.e. Provision of Property Management Services for the year ended 31 December 2023.

Thus, during the year ended 31 December 2023, information reported to the CODM, for the purposes of resource allocation and assessment, focuses on revenue from the following operating segments:

- Manufacture and Sales of Zippers; and
- Provision of Property Management Services

As disclosed in note 35, in December 2024, the Company acquired 90% equity interest in 深圳市嘉進隆實業發展有限公司 (Shenzhen Jiajinlong Industrial Development Co., Ltd., "**Shenzhen Jiajinlong**") which is mainly engaged in the leasing and subleasing of Jiajinlong Car City business and thus, subsequent to the completion of the acquisition of Shenzhen Jiajinlong, information reported to the CODM, for the purposes of resource allocation and assessment, focuses on revenue from the following operating segments:

- Manufacture and Sales of Zippers; and
- Property Investment and Provision of Property Management Services.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4.

Management assess the performance of the operating segments based on the measure of segment results which represents revenue less cost of sales and services, distribution expenses and administrative expenses directly attributable to each operating segment. Central administrative costs are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the CODMs for assessment of segment performance.

Segment assets include all assets with exception of corporate assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis. Likewise, segment liabilities exclude deferred tax liabilities and corporate liabilities which are not directly attributable to the business activities of operating segments and not allocated to segments.

6. SEGMENT REPORTING (CONTINUED)

(a) Business segments

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	Manufacture and Sales of Zippers HK$'000	Provision of Property Management Services HK$'000	Total HK$'000
As of and for the year ended 31 December 2023			
For the year ended 31 December 2023			
Reportable segment revenue	233,677	32,871	266,548
Reportable segment (loss) profit	(6,912)	32,205	25,293
As at 31 December 2023			
Reportable segment assets at the end of the year	206,207	37,278	243,485
Reportable segment liabilities at the end of the year	127,201	6,919	134,120
As of and for the year ended 31 December 2023			
Other information:			
Depreciation for the year	31,148	–	31,148
Amortisation for the year	312	–	312
Impairment loss on right-of-use assets	28,527	–	28,527
Impairment loss on property, plant and equipment	25,512	–	25,512
Impairment loss on intangible assets	491	–	491
Impairment loss on prepayments for property, plant and equipment	1,654	–	1,654
Loss on disposal of property, plant and equipment	8,959	–	8,959
Additions to non-current segment assets during the year	58,895	2,227	61,122

6. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Manufacture and Sales of Zippers HK$'000	Property Investment and Provision of Property Management Services HK$'000	Total HK$'000
As of and for the year ended 31 December 2024			
For the year ended 31 December 2024			
Reportable segment revenue	**237,875**	**95,501**	**333,376**
Reportable segment (loss) profit	**(2,989)**	**91,510**	**88,521**
As at 31 December 2024			
Reportable segment assets at the end of the year	**246,828**	**272,810**	**519,638**
Reportable segment liabilities at the end of the year	**169,315**	**149,821**	**319,136**
As of and for the year ended 31 December 2024			
Other information:			
Depreciation for the year	**22,866**	**–**	**22,866**
Amortisation for the year	**185**	**–**	**185**
Loss on disposal of property, plant and equipment	**3,631**	**–**	**3,631**
Additions to non-current segment assets during the year	**35,712**	**–**	**35,712**
Additions of property, plant and equipment through acquisition of a subsidiary (note 35)	**–**	**2,402**	**2,402**
Additions of investment properties through acquisition of a subsidiary (note 35)	**–**	**17,174**	**17,174**

6. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss and assets

Information regarding the reconciliations of reportable segment revenue, results, assets and liabilities to the consolidated revenue, results, assets and liabilities as of and for the years ended 31 December 2024 and 2023 is set out below:

	2024 HK$'000	2023 HK$'000
For the year ended 31 December		
Revenue		
Reportable segment revenue	**333,376**	266,548
Elimination of inter-segment revenue	**–**	–
Consolidated revenue (note 7)	**333,376**	266,548
Profit/(loss) before income tax		
Reportable segment profit derived from the Group's external customers	**88,521**	25,293
Other revenue and losses, net	**16,134**	(4,465)
Interests on lease liabilities	**(3,552)**	(3,224)
Impairment loss on non-financial assets and prepayment for property, plant and equipment	**–**	(56,184)
Share-based payments	**(10,621)**	(11,050)
Unallocated head office and corporate expenses (note)	**(26,797)**	(20,972)
Consolidated profit/(loss) before income tax	**63,685**	(70,602)

Note: Unallocated head office and corporate expenses mainly represented depreciation of right-of-use assets in relation to office premises, auditor's remuneration and legal and professional fees.

	2024 HK$'000	2023 HK$'000
As at 31 December		
Assets		
Reportable segment assets	**519,638**	243,485
Deferred tax assets	**7,139**	4,522
Unallocated head office and corporate assets	**5,232**	4,598
Cash and cash equivalents	**19,779**	25,498
Consolidated total assets	**551,788**	278,103
Liabilities		
Reportable segment liabilities	**319,136**	134,120
Current tax payable	**34,814**	8,191
Deferred tax liabilities	**3,378**	1,124
Unallocated head office and corporate liabilities	**1,867**	1,209
Consolidated total liabilities	**359,195**	144,644

6. SEGMENT REPORTING (CONTINUED)

(c) Geographic information

Information about the Group's non-current assets is presented based on the geographical location of the assets is as following:

	2024 HK$'000	2023 HK$'000
Mainland China	**287,840**	71,283
Hong Kong	**6,015**	4,198
	293,855	75,481

The Group's non-current assets excluding financial assets (i.e. rental deposits) and deferred tax assets (the "**Specified Non-current Asset**") comprise property, plant and equipment, right-of-use assets, intangible assets, investment properties and prepayments for property, plant and equipment. The geographical location of the Specified Non-current Assets is based on their physical location. In the case of intangible assets and prepayments for property, plant and equipment, it is based on the location of the operation to which they are allocated.

The Group derives revenue from the transfer of goods sold and service rendered in the following geographical regions as follows:

	2024 HK$'000	2023 HK$'000
Mainland China	**319,836**	246,810
Overseas	**13,540**	19,738
	333,376	266,548

(d) Information about a major customer

An individual customer had transactions exceeding 10% of the Group's revenue which included in the provision of property management services segment of HK$95,501,000 (2023: HK$32,871,000) for the year ended 31 December 2024 is derived from Mainland China.

7. REVENUE

(a) Disaggregation of revenue from contracts with customers

(i) The Group derives revenue from the transfer of goods and services by categorise of major product lines and business

	2024 **HK$'000**	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of goods:		
Sales of finished zippers and sliders	**235,830**	232,617
Sales of other related products	**2,045**	1,060
	237,875	233,677
Property management fee income	**95,501**	32,871
	333,376	266,548

(ii) The Group derives revenue from the transfer of goods and services by timing of revenue recognition

	2024 **HK$'000**	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
At a point in time:		
Sales of finished zippers and sliders	**235,830**	232,617
Sales of other related products	**2,045**	1,060
	237,875	233,677
Overtime:		
Property management fee income	**95,501**	32,871
	333,376	266,548

(iii) The Group derives revenue from the transfer of goods and services by geographical markets

Information about the Group derives revenue from the transfer of goods and services by geographical markets is set out in note 6.

7. REVENUE (CONTINUED)

(b) Contract balances

		At 31 December		At 1 January
		2024	2023	2023
	Notes	**HK$'000**	HK$'000	HK$'000
Trade receivables	21	**58,147**	59,690	33,497
Bills receivable	21	**6,003**	6,049	4,666
		64,150	65,739	38,163
Less: Impairments		**(1,044)**	(1,519)	(1,177)
		63,106	64,220	36,986
Unbilled receivable	21	**–**	34,608	–
		63,106	98,828	36,986
Contract liabilities	24	**986**	1,351	1,832

Details of the Group's trade receivables, bills receivable, unbilled revenue and contract liabilities are set out in respective notes.

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

The Group is mainly engaged in the manufacturing and sales of zippers and related products, leasing and sub-leasing of properties and provision of property management services.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

Revenue from contracts with customers

(i) Sale of zippers and related products

Revenue from sales of zippers and related products is recognised when the customers have obtained control of the goods, being when the goods are delivered to the respective customers' specific locations and have been accepted by the customers, and the corresponding trade or bills receivable are recognised as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. There is generally only one performance obligation. Invoices are usually payable within 30 to 90 days. For certain customers such as new customers, deposits paid in advance are required before goods are delivered.

7. REVENUE (CONTINUED)

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

Revenue from contracts with customers (Continued)

(i) Sale of zippers and related products (Continued)

The Group's contracts with customers from the sale of zippers and related products generally do not provide customers a right of return (a right to exchange another product or right to refund in cash). In addition, return of defective products seldom occurs as goods sold to customers generally meet the objective specifications required by customers. Any necessary costs incurred in replacement or rectification of defective goods sold are insignificant to the consolidated financial statements.

(ii) Revenue from provision of property management service

Revenue from provision of property management service is recognised over time on straight-line basis during the term of agreement as the customer simultaneously receives and consumes the benefits as and when the Group performs.

The monthly service fee is calculated based on the agreed percentage on the income of the subject property in accordance with the terms and conditions of the agreement. The invoices are issued on monthly basis.

Other income

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

(ii) Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 4 to the consolidated financial statements.

(d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient to its contracts with customers of both sales of zippers and property management services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

8. OTHER REVENUE AND GAINS/(LOSSES), NET

	Notes	2024 HK$'000	2023 HK$'000
Revenue from other sources			
Interest income		**1,366**	1,071
Government grants	(a)	**1,161**	1,330
Relocation compensation	(b)	**13,912**	–
		16,439	2,401
Other gains/(losses), net			
Net foreign exchange (loss)/gains		**(291)**	2,072
Loss on disposal/written off of property, plant and equipment		**(3,631)**	(8,959)
Bargain gain on acquisition of a subsidiary	(c)	**3,571**	–
Others		**46**	21
		(305)	(6,866)
		16,134	(4,465)

Notes:

(a) Government grants

For the year ended 31 December 2024 and 2023, government grants granted to certain subsidiaries were mainly VAT tax incentives to enterprises recruiting key groups for employment which include handicapped people or people classified as poverty group in China. There were no unfulfilled conditions to receive the grants.

(b) Relocation compensation income

On 11 September 2023, a subsidiary of the Company entered into a relocation compensation agreement with Jiashan Economic Development Asset Management Co., Ltd. (嘉善經開資產經營管理有限公司) ("**JEDAM Limited**"), a 53.85% owned indirect subsidiary of JETDZ Management Committee, pursuant to which the subsidiary agreed with JEDAM Limited in respect of the relocation of some immovable machineries and leasehold improvements in the production base, subject to various condition precedents, for a total compensation of approximately RMB12,849,000, of which RMB1,285,000 (equivalent to approximately HK$1,418,000) has been received as at 31 December 2023.

The remaining balance of RMB11,564,000 shall be payable within 15 days of completion of vacation of the production base provided that the relocation of plant and equipment and vacation of the production base can be completed within 270 days from the date of aforementioned agreement.

As one of the conditions for payment of the compensation, which requires completion of vacation of the production base within the period of maximum 270 days from the date of relocation compensation agreement, has not yet been fulfilled as at 31 December 2023, the compensation received was included in other payables as disclosed in note 24(e).

During the year ended 31 December 2024, the vacation of the production base was completed, and the remaining compensation monies of approximately RMB11,564,000 was subsequently received and thus, the Company recognised the entire Relocation compensation monies of RMB12,849,000 (equivalent to HK$13,912,000) as other income which was credited to profit or loss for the current year.

(c) Bargain gain on acquisition of a subsidiary

As described in note 35, the Company recognised a bargain gain regarding the capital injection in Shenzhen Jiajinlong.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest in bank borrowing	**200**	–
Interest in lease liabilities	**3,552**	3,224
	3,752	3,224

10. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Staff costs*

	2024 HK$'000	2023 HK$'000
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**102,904**	93,763
Contributions to defined contribution retirement plans	**17,596**	11,060
Share-based compensation	**10,621**	11,050
	131,121	115,873

(b) Other items

	2024 HK$'000	2023 HK$'000
Depreciation and amortisation		
Property, plant and equipment	**13,427**	11,973
Intangible assets	**185**	312
Right-of-use assets	**11,439**	20,633
	25,051	32,918
Auditors' remuneration		
Audit services	**1,200**	1,188
Other services	**1,200**	192
	2,400	1,380
Research and development expenses*	**15,731**	8,825
Cost of inventories sold and cost of services	**161,928**	156,008
Including impairment loss on inventories	**500**	1,212

* Research and development expenses included loss on disposal of plant and equipment, which is for research and development purpose, of HK$230,000 (2023: Nil) during the year ended 31 December 2024.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2024	2023
	HK$'000	HK$'000
Current tax		
PRC corporate income tax		
Provision for the year	**29,552**	8,160
Under-provision in respect of prior years	**–**	10
	29,552	8,170
Withholding income tax	**4,018**	–
Hong Kong Profits Tax	**–**	–
Deferred tax		
Origination and reversal of temporary differences	**(2,789)**	1,097
	30,781	9,267

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

Under the two tiered profits tax rates regime, KEE Zippers Corporation Limited ("**KEE Zippers**") is subject to Hong Kong Profits Tax at 8.25% for the first HK$2 million of profit whilst the remaining profit is taxed at 16.5%.

開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited*) ("**KEE Guangdong**") was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2025. Except for KEE Guangdong, the PRC statutory corporate income tax rate applicable to the Company's other subsidiaries in Mainland China is 25%.

The Group is subject to PRC withholding tax of 10% on the gross interest income from its PRC subsidiaries to the Company. Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%.As at 31 December 2024 and 2023, deferred tax liability recognised in this regard was HK$1,124,000(2023:HK$1,124,000).

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

	2024 **HK$'000**	2023 HK$'000
Profit/(loss) before taxation	**63,685**	(70,602)
Notional tax charge/(credit) on profit/(loss) before taxation calculated at the rates applicable to the respective jurisdictions	**19,583**	(13,221)
Effect of non-deductible expenses	**10,428**	9,992
Effect of other temporary differences unrecognised	**(5,106)**	12,426
Effect of non-taxable income	**(1,043)**	(5,549)
Utilisation of tax loss previously not recognised	**(2,387)**	(195)
Effect of tax losses not recognised	**5,168**	4,904
Effect of prevailing tax rate	**120**	630
Under-provision in prior years	**–**	10
Withholding tax for dividend declared	**4,018**	–
Others	**–**	270
	30,781	9,267

12. DIRECTORS' EMOLUMENTS

	Directors' fees HK$'000	Share-based payments HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance bonus HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 December 2024						
Executive directors						
Yip Siu Lun Dave *(Chairman)* ("**Mr. Yip**")	–	6,373	5,374	–	18	11,765
Wu Cody Zhuo-xuan	–	–	1,950	–	18	1,968
Mak Yung Pan Andrew	–	–	240	–	12	252
Cheung Ka Yuen	–	1,062	1,560	–	18	2,640
Non-executive director						
Lin Ping	–	–	–	–	–	–
Independent non-executive directors						
Leung Ka Tin	240	–	–	–	–	240
Cheng Hong Kei	240	–	–	–	–	240
Ko Kwok Shu	240	–	–	–	–	240
Liew Fui Kiang (retired on 21 June 2024)	120	–	–	–	–	120
	840	7,435	9,124	–	66	17,465

12. DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fees HK$'000	Share-based payments HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance bonus HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 December 2023						
Executive directors						
Mr. Yip *(Chairman)*	–	6,447	3,804	–	18	10,269
Wu Cody Zhuo-xuan	–	–	1,300	–	18	1,318
Mak Yung Pan Andrew	–	–	240	–	12	252
Cheung Ka Yuen	–	1,379	975	–	18	2,372
Non-executive director						
Lin Ping	–	–	–	–	–	–
Independent non-executive directors						
Leung Ka Tin	240	–	–	–	–	240
Cheng Hong Kei	240	–	–	–	–	240
Liew Fui Kiang	240	–	–	–	–	240
Ko Kwok Shu	240	–	–	–	–	240
	960	7,826	6,319	–	66	15,171

There were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as a compensation for loss of office during both years. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group for both years. The non-executive and the independent non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable for both years.

The Group provides other non-monetary benefits (i.e. accommodation) to Mr. Yip. During the year ended 31 December 2024, depreciation of right-of-use assets in relation to these non-monetary benefits amounted to HK$402,000 (2023: HK$74,000). The estimated money value of a leased property for the directors' quarters is HK$504,000 (2023: HK$84,000).

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries and other emoluments	**6,536**	4,790
Share-based payments	**3,186**	3,224
Discretionary bonuses	**6,452**	3,600
Retirement scheme contributions	**54**	54
	16,288	11,668

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2024	2023
HK$3,500,001 to HK$4,000,000	**–**	3
HK$4,500,001 to HK$5,000,000	**1**	–
HK$5,500,001 to HK$6,000,000	**2**	–
	3	3

There was no arrangement under which five highest paid individuals waived or agreed to waive any remuneration during the years ended 31 December 2024 and 31 December 2023. In addition, there was no inducement paid for five highest paid individuals to join the Group and no compensation for the loss of office in connection with the management of the affairs of any member of the Group for both years.

14. DIVIDENDS

No dividends were paid, declared or proposed for the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to equity shareholders of the Company is based on the following data:

Earnings/(loss) figures are calculated as follows:

	2024 **HK$'000**	2023 HK$'000
Profit/(loss) for the year attributable to equity shareholders of the Company	**32,300**	(69,043)

	Number of shares ('000)	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**573,675**	557,786
Effect of dilutive potential ordinary shares – Options	**12,126**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**585,801**	557,786

The diluted loss per share for the year ended 31 December 2023 is equal to the basic loss per share as the dilutive potential ordinary shares in issue resulting from share options granted by the Company during the year ended 31 December 2023 are anti-dilutive or no dilutive impact.

16. PROPERTY, PLANT AND EQUIPMENT

	Machinery HK$'000	Vehicles and other equipment HK$'000	Leasehold improvement HK$'000	Construction in progress HK$'000	Total HK$'000
Cost					
As at 1 January 2023	158,235	15,096	24,866	5,314	203,511
Additions	243	2,553	–	7,951	10,747
Disposals/written off	(33,701)	(2,856)	–	(2,929)	(39,486)
Reclassification	9,169	296	–	(9,465)	–
Exchange adjustments	(2,074)	(173)	(333)	(59)	(2,639)
At 31 December 2023 and 1 January 2024	**131,872**	**14,916**	**24,533**	**812**	**172,133**
Additions	**16,366**	**1,761**	**–**	**17,594**	**35,721**
Additions through acquisition of a subsidiary	**–**	**2,402**	**–**	**–**	**2,402**
Disposals/written off	**(71,510)**	**(6,016)**	**(4,351)**	**(962)**	**(82,839)**
Reclassification	**9,338**	**31**	**–**	**(9,369)**	**–**
Exchange adjustments	**(4,182)**	**(393)**	**(813)**	**(199)**	**(5,587)**
At 31 December 2024	**81,884**	**12,701**	**19,369**	**7,876**	**121,830**
Accumulated depreciation and impairment losses					
As at 1 January 2023	97,167	11,199	21,322	70	129,758
Charge for the year	8,894	1,033	2,046	–	11,973
Impairment loss for the year	22,468	2,375	307	362	25,512
Elimination om disposals/written off	(23,548)	(2,562)	–	(69)	(26,179)
Exchange adjustments	(1,431)	(126)	(312)	(3)	(1,872)
At 31 December 2023 and 1 January 2024	**103,550**	**11,919**	**23,363**	**360**	**139,192**
Charge for the year	**11,797**	**900**	**730**	**–**	**13,427**
Elimination on disposals/written off	**(66,966)**	**(6,005)**	**(4,351)**	**(176)**	**(77,498)**
Exchange adjustments	**(2,892)**	**(270)**	**(1,022)**	**(10)**	**(4,194)**
At 31 December 2024	**45,489**	**6,544**	**18,720**	**174**	**70,927**
Carrying amount					
At 31 December 2024	**36,395**	**6,157**	**649**	**7,702**	**50,903**
At 31 December 2023	28,322	2,997	1,170	452	32,941

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2024, out of the balances, the Group's property, plant and equipment amounted to approximately HK$47,619,000 is attributable to the Manufacture and Sales of Zippers business segment and the remaining balances is attributable to Property Investment and Provision of Property Management Services business segment.

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

	Useful lives
Machinery	5–10 years
Vehicles and other equipment	4 to 5 years
Leasehold improvement	Over the shorter of the unexpired term of lease and their estimated useful lives of 3 to 10 years

In view of the relocation of plant and equipment for the year and thus, certain of the Group had property, plant and equipment was disposed/written off and the loss on disposals/written off amounted to HK$3,861,000 (2023: HK$8,959,000) was charged to the profit or loss for the year.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets with finite lives

The Group engaged an independent professional qualified valuer to impairment assessment of its property, plant and equipment, right-of-use assets and intangible assets.

In determining the fair value less costs of disposal of the relevant assets, the management of the Company is responsible to determine the appropriateness of valuation techniques and inputs for fair value measurements. The management works closely with the independent professional qualified valuer to establish the appropriate valuation techniques and inputs to the model.

Particulars of the impairment assessment methods, key assumption and inputs are summarized below:

During the year ended 31 December 2023, zipper business of the Group has achieved an increase in sales while it has sustained loss. In addition, since last quarter of 2023, management began to be aware there should be expected decrease in sales orders from customers for 2024. Accordingly, as at 31 December 2023, management conducted impairment assessment on the non-financial assets of this business in accordance with the accounting policy of the Company in order to determine whether any additional impairment loss should be recognised. These assets comprised property, plant and equipment, right-of-use assets (note 17(a)) and intangible assets with finite lives (note 18) attributable to its Manufacture and Sales of Zippers business segment (collectively the "**Relevant Assets**") for the purpose of impairment assessment.

For the year ended 31 December 2023, the recoverable amount of the Relevant Assets of the zipper business, which represented separate cash generating units, has been determined by management with reference to value in use calculation, using cash flow projection from the latest financial budget formally approved by management covering a five-year period with the negative growth rate of 8% in the first year, a growth rate of 5% in 2025 and gradually decreases to 3% in the fifth year, gross profit margins being 31% throughout the period and at a discount rate of 10%. Cash flows beyond the five- year period is extrapolated using a growth rate of 2%, which does not exceed the long-term growth rate for the zipper industry in the PRC and overseas. This valuation requires the use of unobservable inputs and is within Level 3 of the fair value hierarchy.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Based on the result of the assessment performed as at 31 December 2023, management of the Group determined that the recoverable amount of the cash generating unit is lower than the carrying amount of the Relevant Assets. The impairment losses have been allocated pro rata to each category of the Relevant Assets such that the carrying amounts of each category of asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero. Based on the recoverable amount calculation and the allocation, impairment losses of property, plant and equipment, intangible assets, right-of-use assets and prepayments for property, plant and equipment of approximately HK$25,512,000, HK$491,000, HK$28,527,000 and HK$1,654,000 respectively, have been recognised in the consolidated statement of profit or loss for the year ended 31 December 2023.

For the year ended 31 December 2024, the Group estimates the recoverable amounts of the property, plant and equipment, right-of-use assets and intangible assets based on higher of fair value less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount based on value in use and no impairment has been recognised.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) The Group as leasee

Nature of leasing activities (in the capacity as lessee)

The Group's right-of-use assets and lease liabilities are mainly attributable to the Group's Manufacture and Sales of Zippers business segment, representing factory, office premises and staff quarter.

The Group leases certain properties in the jurisdictions from which it operates. All of the property leases' periodic rents are fixed over the lease term.

(i) The movements of right-of-use assets and lease liabilities during the years ended 31 December 2024 and 31 December 2023 are set out below:

	Right-of-use assets HK$'000	**Lease liabilities** HK$'000
As at 1 January 2023	37,068	43,088
Depreciation	(20,633)	–
Interest expense	–	3,224
Additions	4,434	4,434
Modification of leases arising from early renewal of leases	48,038	48,038
Payment of lease liabilities	–	(25,989)
Impairment of right-of-use assets	(28,527)	–
Exchange adjustments	(521)	(786)
As at 31 December 2023 and 1 January 2024	**39,859**	**72,009**
Depreciation	**(11,439)**	**–**
Interest expense	**–**	**3,552**
Modification of leases arising from early renewal of leases	**37,809**	**37,438**
Payment of lease liabilities	**–**	**(18,194)**
Exchange adjustments	**(1,998)**	**(3,197)**
As at 31 December 2024	**64,231**	**91,608**

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) The Group as leasee (Continued)

Nature of leasing activities (in the capacity as lessee) (Continued)

(i) (Continued)

The right-of-use assets represented land and buildings leased for own use carried at costs less accumulated depreciation and impairment losses.

There has no gain or loss arising relating to the modification of leases arising from early renewal of leases for the year ended 31 December 2024.

Impairment assessment of right-of-use assets

As described in note 16, no impairment loss was recognised for the year ended 31 December 2024. However, impairment loss has been recognised on the right-of-use assets which amounted to approximately HK$28,527,000 for the year ended 31 December 2023.

Details of impairment assessments are set out in note 16 to the consolidated financial statements.

(ii) An analysis of the future lease payments as at 31 December 2024 and 31 December 2023 are due as follows:

	Present value	
	2024	2023
	HK$'000	HK$'000
Not later than one year	**18,914**	15,556
Later than one year and not later than two years	**15,892**	11,823
Later than two years and not later than five years	**50,327**	35,451
After five years	**6,475**	9,179
	91,608	72,009
Analysed as:		
– Current	**18,914**	15,556
– Non-current	**72,694**	56,453
	91,608	72,009

(iii) Other information:

	2024	2023
	HK$'000	HK$'000
Expense relating to short-term leases	**3,983**	223
Total cash outflow for leases	**22,177**	26,212

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) The Group as lessor

Operating lease commitment for leasing of Jiajinlong Car City

	2024 **HK$'000**	2023 HK$'000
Undiscounted lease payments receivable on leases are as follows:		
– Within one year	**62,827**	N/A

18. INTANGIBLE ASSETS

	Software HK$'000
Cost	
At 1 January 2023	9,359
Exchange adjustments	(134)
Addition	158
At 31 December 2023 and 1 January 2024	**9,383**
Exchange adjustments	**(376)**
Addition	**279**
At 31 December 2024	**9,286**
Accumulated amortisation and impairment losses	
At 1 January 2023	8,087
Exchange adjustments	(121)
Amortisation for the year	312
Impairment loss for the year	491
At 31 December 2023 and 1 January 2024	**8,769**
Exchange adjustments	**(348)**
Amortisation for the year	**185**
At 31 December 2024	**8,606**
Carrying amount	
At 31 December 2024	**680**
At 31 December 2023	614

18. INTANGIBLE ASSETS (CONTINUED)

The Group's intangible assets are mainly attributable to the Group's Manufacture and Sales of Zippers business segment.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Computer software is amortised from the date it is available for use and its estimated useful life is 5 to 10 years.

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

Impairment assessment of intangible assets with finite lives

As described in note 16, no impairment loss was recognised for the year ended 31 December 2024. However, impairment loss has been recognised on the intangible assets which amounted to approximately HK$491,000 for the year ended 31 December 2023.

Details of the impairment assessment are set out in note 16 of the consolidated financial statements.

19. INVESTMENT PROPERTIES

	HK$'000
Investment properties – Right-of-use assets	
Cost	
As at 1 January 2023, 31 December 2023 and 1 January 2024	–
Acquisition of a subsidiary (note 35)	17,174
As at 31 December 2024	17,174
Carrying amount	
As at 31 December 2024	17,174

The investment properties represent the leased Jiajinlong Car City properties which was being recognised as right-of-use assets and subleased by the Group to tenants under operating leases.

The investment property represents i) the right of use asset for the prepaid lease payment of the right to use the land located in Shenzhen which shall expire on 29 June 2025 and such right may or may not be renewed and ii) the construction cost incurred. Up to the date of this report, the renewal of the right to use the land is still under process and is pending for the results of renewal from the government authorities. The granting of the renewal of the right to use the land is subject to the town planning, policy and discretion of the relevant government authorities and as at the date of this report, the subsidiary has not encountered or does not foresee any material obstacle in obtaining approval for the renewal of the right to use the land, however, there is no assurance that the application will be successful. Accordingly, the fair value of investment properties had taken into account the lease periods of leases would be ended in 2025. It is agreed in the share subscription agreement dated that if the right to use the land could not be renewed on or before its expiry on 29 June 2025. The subsidiary is required by the relevant government authorities to demolish any properties, buildings, facilities or equipment on the land and to reinstate the land to the satisfaction of the relevant government authorities, the original shareholders jointly and severally undertake to bear the cost of such demolition. In addition, the original shareholders also undertook to indemnify Shenzhen Errui and the Shenzhen Jiajinlong for any losses and damages they may suffer or incur as a result of or in connection with the right to use the land and the properties. For the details, please refer to the circular of the Company dated 25 November 2024.

19. INVESTMENT PROPERTIES (CONTINUED)

The investment properties acquired in a business combination are recognised separately and are initially recognised at their fair value at the acquisition date which are regarded as its cost and subsequently at cost after depreciation over the lease term and impairment, if any. They are mainly attributable to the Group's Property Investment and Provision of Property Management Services business segment.

The Group's investment properties are depreciated on a straight-line basis on the following bases:

Leasehold properties	Over the term of the lease

Fair value measurement of investment properties

The fair value of the Group's investment properties at 31 December 2024 was approximately to HK$17,174,000. The fair value has been arrived based on a valuation carried out by the independent valuers not connected with the Group.

In determining the fair value less costs of disposal of the relevant assets, the management of the Company is responsible to determine the appropriateness of valuation techniques and inputs for fair value measurements. The management works closely with the independent professional qualified valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value was determined based on the income approach, where the future income is discounted at the market yield expected by investors for this type of properties. The future income is assessed by reference to the rental contract signed and effective in the future. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shenzhen where the property located. The ongoing uncertain macroeconomic and geopolitical environment has resulted in greater market volatility depending on how the international conflicts and tensions/volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve, which has led to higher degree of uncertainties in respect of the valuations in the current year, and independent valuers included uncertainty clauses in the valuation reports in respect of investment properties located at 31 December 2024. This valuation requires the use of unobservable inputs and is within Level 3 of the fair value hierarchy.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. There were no transfers into or out of Level 3 during the year.

20. INVENTORIES

	2024 **HK$'000**	2023 HK$'000
Raw materials	**11,966**	8,985
Work in progress	**23,227**	16,103
Finished goods	**1,200**	2,002
	36,393	27,090

21. TRADE AND OTHER RECEIVABLES

	Notes	2024 HK$'000	2023 HK$'000
Trade receivables	(a)	**58,147**	59,690
Bills receivable		**6,003**	6,049
		64,150	65,739
Less: Impairments		**(1,044)**	(1,519)
		63,106	64,220
Unbilled receivables		**–**	34,608
Contract receivables balances		**63,106**	98,828
Prepayments relating to:			
– Property, plant and equipment	(b)	**1,852**	2,067
– Investment properties	(c)	**159,015**	–
– Other prepayments		**3,106**	1,691
		163,973	3,758
Rental deposits			
– Current portion		**–**	3,011
– Non-current portion		**3,882**	3,357
		3,882	6,368
Others		**836**	220
		231,797	109,174
Analysed as:			
– Current		**67,048**	103,750
– Non-current		**164,749**	5,424
		231,797	109,174

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Contract receivables balances

Trade receivables and bills receivable are in general due within 30–90 days from the date of billing.

Unbilled receivable represented property management fee income recognised not yet invoiced to a customer and the Group has a right to consideration that is unconditional.

As of the end of the reporting period, the ageing analysis of trade receivables, bills receivables and unbilled receivables based on the invoice date and net of allowance for impairment, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**24,060**	28,656
Over 1 month but within 2 months	**20,174**	17,896
Over 2 months but within 3 months	**8,902**	6,844
Over 3 months	**9,970**	10,824
	63,106	64,220

The Group recognised impairment loss based on the accounting policy stated in note 4(e)(ii).

Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable, and unbilled receivable are set out in note 32(b).

(b) Prepayments relating to property, plant and equipment

The amount represents the prepayments for the acquisition of property, plant and equipment regarding to its Manufacture and Sales of Zippers business segment.

(c) Prepayments relating to Jiajinlong Car City properties

During the year ended 31 December 2024, the Company paid a refundable prepayment of approximately HK$159,015,000 relating to the enhancement of the Group's investment properties to an independent constructor. According to the agreement entered into with the constructor, if the lease of the right-of-use assets cannot be extended, the repayment will be fully funded. Up to the date of this report, the enhancement is not yet started.

22. AMOUNT DUE FROM RELATED PARTIES

As at 31 December 2024, the amount represents the unsecured balance due from a company controlled by a director of a subsidiary, which is interest free and repayable on demand. The amount was the rental deposits should be refunded to the Group upon the expiry of the lease but not yet refunded.

23. CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	**141,480**	63,332
Time deposit with original maturity over 3 months	**–**	571
Cash at banks and in hand	**141,480**	63,903

As at 31 December 2024, Cash at banks and in hand in the amount of HK$114,764,000 (2023: HK$32,326,000) were denominated in RMB and were deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

24. TRADE AND OTHER PAYABLES

	Notes	2024 HK$'000	2023 HK$'000
Trade creditors	(a)	**12,869**	11,994
Payroll and staff benefits payable		**33,392**	29,390
Accrued expenses		**20,613**	13,553
Payables for purchase of property, plant and equipment		**3,010**	129
Other tax payables		**8,434**	4,592
Contract liabilities	(b)	**986**	1,351
Compensation received	(c)	**–**	1,418
Other payables		**2,180**	893
Deposit from tenants		**31,916**	–
Receipt in advance under HKFRS 16		**1,504**	–
		114,904	63,320

Notes:

(a) All of the trade and other payables are expected to be settled within one year or are repayable on demand.

24. TRADE AND OTHER PAYABLES (CONTINUED)

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	2024 **HK$'000**	2023 HK$'000
Within 1 month	**4,409**	11,794
Over 1 month but within 3 months	**6,414**	156
Over 3 months but within 6 months	**697**	25
Over 6 months	**1,349**	19
	12,869	11,994

(b) Contract liabilities

The contract liabilities represent advanced considerations received from customers before goods sold to customers. The contract liabilities are expected to be recognised as revenue within one year from date of inception of respective contracts. The movements of the contract liabilities are set out below.

The movements in contract liabilities during the years ended 31 December 2024 and 31 December 2023 are as following:

	2024 **HK$'000**	2023 HK$'000
Balance as at 1 January	**1,351**	1,832
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,326)**	(1,587)
Increase in contract liabilities as a result of receipts in advance from customers during the year	**1,007**	1,110
Exchange adjustments	**(46)**	(4)
Balance as 31 December	**986**	1,351

The Group has applied the practical expedient to its contracts with customers of both sales of zippers and property management services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

(c) Compensation received

As described in note 8(b), during the year ended 31 December 2023, the Group had received compensation monies of approximately HK$1,418,000. In view of the vacation of the production line was completed during the year ended 31 December 2024, the Group credited the amount of approximately HK$1,418,000 to the profit or loss for the year.

25. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
At amortised cost:		
Bank borrowings	**114,491**	–
The carrying amounts of the borrowings are repayable:		
Within one year	**19,082**	–
Within a period of more than one year but not exceeding two years	**8,481**	–
Within a period of more than two years but not exceeding five years	**26,502**	–
Within a period of more than five years	**60,426**	–
	114,491	–
Less: Amount due within one year shown under current liabilities	**(19,082)**	–
Amount due after one year shown under non-current liabilities	**95,409**	–

The bank borrowings are classified as financial liabilities at amortised cost. Included in the balance amounting to HK$10,601,000 is unsecured and carries fixed interest at 3.5%. The remaining balance are individual guaranteed by the directors of the subsidiary and related parties of the directors of the subsidiaries and secured by properties owned by the related parties of the directors of the subsidiaries and carries variable interest rate at Loan Prime rate plus 5%. All are denominated in RMB.

26. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**7,139**	4,522
Deferred tax liabilities	**(3,378)**	(1,124)
	3,761	3,398

26. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

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

	Deferred tax assets – Unrealised profit or loss arising from intra-group transactions	Deferred tax liabilities – Depreciation and impairment losses on non-financial assets	Fair value change on investment properties	Provisions	PRC dividend withholding tax	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	251	2,069	–	3,371	(1,124)	4,567
(Charged) credited to consolidated statement of profit or loss	(93)	(1,009)	–	5	–	(1,097)
Exchange adjustments	–	39	–	(111)	–	(72)
At 31 December 2023 and 1 January 2024	**158**	**1,099**	**–**	**3,265**	**(1,124)**	**3,398**
(Charged) credited to consolidated statement of profit or loss	**143**	**286**	**–**	**2,360**	**–**	**2,789**
Acquisition of a subsidiary	**–**	**(2,355)**	**102**	**–**	**–**	**(2,253)**
Exchange adjustments	**(7)**	**(34)**	**–**	**(132)**	**–**	**(173)**
At 31 December 2024	**294**	**(1,004)**	**102**	**5,493**	**(1,124)**	**3,761**

Deferred tax assets not recognised

In accordance with the accounting policy set out in note 4(j), the Group has not recognised deferred tax assets in respect of the amount of estimated cumulative tax losses of HK$63,950,000 (2023: HK$47,993,000) as it may not be probable that future taxable profits against which the losses can be utilised will be available in the relevant entities. The unused tax losses of approximately HK$39,528,000 (2023: HK$22,366,000) are subject to agreement by the Inland Revenue Department and can be carried forward indefinitely, while the remaining unused tax losses of approximately HK$9,629,000 (2023: HK$15,696,000) and HK$14,793,000 (2023: HK$9,931,000) will expire in five years and ten years from respective dates of incurrence.

At the end of the reporting period, the Group has other unrecognised deductible temporary differences of HK$33,463,000 (2023: HK$56,184,000) arising from impairment losses on non-financial assets. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

26. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax liabilities not recognised

At 31 December 2024, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$168,644,000 (2023: HK$52,773,000). Deferred tax liabilities relating to a portion of these temporary differences amounting to HK$8,432,000 (2023: HK$1,715,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

27. SHARE CAPITAL

	Number of shares '000	**Share capital** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000	20,000
Ordinary shares, issued and fully paid:		
As at 1 January 2023, 31 December 2023 and 1 January 2024	557,765	5,578
Placing of new shares	16,733	167
As at 31 December 2024	574,498	5,745

Pursuant to the Company's announcement dated 4 January 2024, at the same date, the Company entered into the placing agreement (the "**Placing Agreement**") with the placing agent (the "**Placing Agent**") pursuant to which the Placing Agent agreed to place up to 16,733,000 new shares (the "**Placing Shares**") at the placing price (the "**Placing Price**") of HK$1.21 per Placing Share (the "**Placing**").

The Placing Shares were allotted and issued under the general mandate granted to the directors by the Shareholders at the annual general meeting of the Company held on 27 June 2023.

Pursuant to the Compny's announcement dated 19 January 2024, the Company announced that all conditions to the Placing Agreement have been fulfilled and completion of the Placing took place on 19 January 2024.

A total of 16,733,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK$1.21 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing approximately 2.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion.

27. SHARE CAPITAL (CONTINUED)

The net proceeds from the Placing amounted to approximately HK$19.9 million.

The Placing Shares, shall rank pari passu in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Saved as disclosed above, there were no movements of the authorised and issued share capital of the Company for the year ended 31 December 2024 and 31 December 2023.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the shareholders' resolutions passed on 30 May 2023, the Company adopted a new share option scheme (the "**Scheme**"). The purposes of the Scheme is to reward the participants who have contributed or will contribute to the Group and to encourage the participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The grant of share options is to provide incentives, rewards, remunerations and/or benefits (i) in retaining the grantees for continuous operation and development of the Group; and (ii) for his persistent devotions and leadership by further aligning the interests of the Group with his, thereby enhancing the value for the shareholders in the long term.

The Scheme shall be valid and effective for a period of ten years commencing on the adoption date of 30 May 2023, after which period, no further share options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Share options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

On 27 September 2023, an aggregate of 55,776,480 share options were granted pursuant to the Scheme, of which, 33,465,888 share options were conditionally granted to Mr. Yip, 5,577,648 share options were granted to Ms. Cheung and 16,732,944 share options were conditionally granted to Mr. Lin. Each share option shall entitle the grantees to subscribe for one share of the Company. There will be no more shares available for future grant under the current scheme mandate of the Scheme. The conditional grant was subsequently approved by the shareholders of the Company on 29 November 2023. Details of the share options granted are as follows:

	Exercise period	Exercise price per share	Number of options granted
Executive director			
Mr. Yip	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	HK$1.09	33,465,888
Ms. Cheung Ka Yuen (“**Ms. Cheung**”)	5 years from 27 September 2023 to 26 September 2028 (both dates inclusive)	HK$1.09	5,577,648
Senior management			
Mr. Lin Sunming (“**Mr. Lin**”)	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	HK$1.09	16,732,944
Total			55,776,480

Vesting period and exercise period of share options:

Subject to the fulfillment of the performance target as set out below, the share options shall be vested and exercised during the following periods:

(i) Options I

Name of grantee	Number of share options (Collectively “Options I”)	Vesting and exercise period
Mr. Yip Mr. Lin Ms. Cheung	11,155,296 5,577,648 1,859,216	Options I will be vested and exercisable from the expiry of 12 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin). If the Performance Target 2023 (as defined below) is not met on or before 30 April 2024, Options I (together with Options II (as defined below)) will be vested and exercisable after 30 April 2025 on the condition that the Performance Target 2024 (as defined below) is met.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(ii) Options II

Name of grantee	Number of share options (Collectively "Options II")	Vesting and exercise period
Mr. Yip Mr. Lin Ms. Cheung	11,155,296 5,577,648 1,859,216	Options II will be vested and exercisable from the expiry of 24 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin). If the Performance Target 2024 is not met on or before 30 April 2025, Options II (together with Options I, if not vested) will be vested and exercisable after 30 April 2026 on the condition that the Performance Target 2025 (as defined below) is met.

(iii) Options III

Name of grantee	Number of share options (Collectively "Options III")	Vesting and exercise period
Mr. Yip Mr. Lin Ms. Cheung	11,155,296 5,577,648 1,859,216	Options III will be vested and exercisable from the expiry of 36 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin). If the Performance Target 2025 (as defined below) is met on or before 30 April 2026, Options III (together with Options I and Options II, if not vested) will be vested and exercisable after 30 April 2026. However, if the 2025 Performance Target is not met on or before 30 April 2026, Options III (together with the Options I and Options II, if not vested) will automatically lapse.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

Performance target:

The vesting and exercise of the share options shall be subject to the following performance target:

Performance period	Performance target
For the financial year ended 31 December 2023	Net Profit shall not be lower than HK$15,000,000* (“**Performance Target 2023**”)
For the financial year ended 31 December 2024	Net Profit shall not be lower than HK$22,500,000* (“**Performance Target 2024**”)
For the financial year ending 31 December 2025	Net Profit shall not be lower than HK$30,000,000* (“**Performance Target 2025**”)

* Before recognition of share-based payments

Clawback Mechanism

Save for the early termination events as set out in the Scheme, which are applicable to all the grantees, the share options shall lapse if a grantee ceases to be an employee of the Company by reason of (i) termination of the grantee’s employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement, or (ii) termination of the grantee’s employment or contractual engagement with the Group by reason of redundancy, any outstanding share options (to the extent not already exercised) shall immediately lapse, unless the Board of directors of the Company determines otherwise at their absolute discretion.

The exercise price of options outstanding at 31 December 2024 is HK$1.09 and their weighted average remaining contractual life was 3.9 years (2023: 4.9 years).

Of the total number of options outstanding of 55,776,480 (2023: 55,776,480) at 31 December 2023, none of the options had vested and were exercisable.

The fair value of the share options at their respective dates of grant amounted to HK$25,099,000. The weighted average fair value of each option granted during the year was approximately HK$0.45.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

Clawback Mechanism (Continued)

The following information is relevant in the determination of the fair value of options granted during the year under the Scheme operated by the Group.

	2023
Equity-settled	
Option pricing model used	Binomial lattice
Weighted average share price at grant date	HK$0.94
Exercise price, subject to adjustment	HK$1.09
Expected volatility	65%
Expected dividend growth rate	0%
Risk-free interest rate	4%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last five years.

The Group did not enter into any share-based payment transactions with parties other than the aforementioned employees during the current or previous year.

The share-based payments of HK$10,621,000 (2023: HK$11,050,000) recognised during the year ended 31 December 2024 were included in key management personnel compensation.

29. DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates the Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (the "**Ordinance**"). The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately upon the completion of service in the relevant service period. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

The Group's PRC subsidiaries also participate in defined contribution retirement schemes covering its full-time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

30. COMMITMENTS

Capital commitments outstanding at 31 December 2024 and 2023 not provided for in the consolidated financial statements were as follows:

	2024 **HK$'000**	2023 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**36,708**	4,339

31. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which includes interest-bearing loans and borrowings), less cash and cash equivalents. Adjusted capital comprises all components of equity.

The Group's strategy, is to maintain the adjusted net debt-to-capital ratio (i.e. lease liabilities and bank borrowings less cash and cash equivalents over total equity) below 20%. As at 31 December 2024, the adjusted net debt-to-capital ratio is 34% (2023: 7%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group's financial instruments at the end of reporting period were analysed as below:

	2024 **HK$'000**	2023 HK$'000
Financial asset		
Financial assets at amortised costs		
Trade and other receivables	**63,942**	102,059
Cash and cash equivalents	**141,480**	63,332
Time deposit	**–**	571
Amount due from a related party	**1,991**	–
Rental deposits (non-current)	**3,882**	3,357
	211,295	169,319
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**103,980**	57,377
Bank borrowing	**114,491**	–
Lease liabilities	**91,608**	72,009
	310,079	129,386

The carrying amounts of the Group's financial instruments were not materially different from their fair values as at the end of respective reporting periods.

(b) Financial risk management objectives and policies

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable and other debtors and rental deposits. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies for which the Group considers to have low credit risk.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

Trade debtors, bills receivable and unbilled receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore certain concentration of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 26.4% (2023: 23%) of the total trade receivables from sales of zippers and related products were due from the Group's five largest customers (exclude bill receivable). As at 31 December 2023, the unbilled receivable of approximately HK$34,608,000 from provision of property management service was due from the sole customer of property management business segment. The Group did not have any outstanding unbilled receivables as at 31 December 2024.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30–90 days from the date of billing. Debtors with balances that are past due are usually requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers. As for the unbilled receivable, invoices should be issued on monthly basis.

The Group measures loss allowances for trade debtors and bills receivable of zipper business at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customers which are primary customers of zipper segment from Mainland China, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

Trade debtors, bills receivable and unbilled receivable (Continued)

The following tables provide information about the Group's exposure to credit risk and ECLs for trade debtors and bills receivable as at 31 December 2024 and 31 December 2023:

	Expected loss rate (%)	Gross carrying amount HK$'000	Loss allowance HK$'000
As at 31 December 2023			
Bills receivable	0%	6,049	–
Current (not past due)	7.2%	35,634	256
1–30 days past due	8.4%	11,999	101
31–60 days past due	9.1%	7,809	71
61–90 days past due	11.0%	2,091	23
91–360 days past due	2.33%	1,115	26
More than 360 days past due	100.00%	1,042	1,042
		65,739	1,519
As at 31 December 2024			
Bills receivable	**0.00%**	**6,003**	**–**
Current (not past due)	**0.03%**	**34,463**	**9**
1–30 days past due	**0.03%**	**10,768**	**3**
31–60 days past due	**0.02%**	**4,136**	**1**
61–90 days past due	**0.04%**	**2,661**	**1**
91–360 days past due	**0.95%**	**5,138**	**49**
More than 360 days past due	**100.00%**	**981**	**981**
		64,150	**1,044**

Expected loss rates are based on actual loss experience over the past one year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

Trade debtors, bills receivable and unbilled receivable (Continued)

Movement in the loss allowance account in respect of trade debtors and bills receivable during the year are as follows:

	2024 **HK$'000**	2023 HK$'000
As at 1 January	**1,519**	1,177
(Reversal) provision of impairment losses recognised during the year	**(371)**	360
Written-off	**(54)**	–
Exchange adjustments	**(50)**	(18)
As at 31 December	**1,044**	1,519

No ECLs on bills receivable has been recognised for years ended 31 December 2024 and 2023 as the amount involved is insignificant.

Unbilled receivables

The unbilled receivable from the property management service segment amounting to HK$34,608,000 was not past due as at 31 December 2023. Management considered the ECL on this receivable is insignificant after taking into account the counter-party's existing and future financial position and performance. The amount was fully settled before the issuance of the annual report of the Company for the year ended 31 December 2023.

Other financial assets at amortised cost

As at 31 December 2024 and 2023, in addition to the cash and cash equivalents which are considered to have low credit risk, other financial assets at amortised cost of the Group mainly include rental deposits and other debtors. The ECLs on other financial assets which did not have significant increase in credit risk during the reporting period were considered by management to be insignificant.

(ii) Interest rate risk

As at 31 December 2024, the Group had variable interest bearing bank borrowings at average variable interest rate of 8.6% (2023:nil) other than bank borrowing and lease liabilities which are carried at average fixed interest rate of 3.5% and 6% (2023: Nil and 8%) as shown in notes 25 and 22 and all its interest bearing financial assets are mainly bank deposits with maturity no more than one year. The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowing at the end of the reporting period. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2024, if the interest rate had been 10 basis points (2023: nil) higher/lower and all other variables were held constant, the Group's loss after taxation would increase/decrease by HK$103,000 (2023: nil).

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investments of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity of the financial liabilities is set below:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year of on demand HK$'000	More than 1 year but no more than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
As at 31 December 2023						
Trade and other payables	57,377	57,377	57,377	–	–	–
Lease liabilities	72,009	83,310	19,142	14,773	40,064	9,331
	129,386	140,687	76,519	14,773	40,064	9,331
As at 31 December 2024						
Bank borrowings	**114,491**	**163,679**	**27,928**	**16,412**	**45,921**	**73,417**
Trade and other payables	**103,980**	**103,980**	**103,980**	**–**	**–**	**–**
Lease liabilities	**91,608**	**103,670**	**23,068**	**19,188**	**54,807**	**6,605**
	310,079	**371,329**	**154,976**	**35,600**	**100,728**	**80,022**

(iv) Currency risk

The Group is exposed to currency risk primarily through sales and bank deposits which give rise to receivables and cash balances that are denominated in United States Dollars ("**USD**") primarily under KEE Zippers and KEE Guangdong.

As HK$ is pegged to USD, the Group considers the risk of movements in exchange rates between USD and HK$ to be insignificant.

The Group had RMB denominated bank deposits amounting to HK$1,443,000 (2023: HK$93,000) that was held by KEE Zippers and the Company for which HK$ is their functional currency. In addition, for the year ended 31 December 2024, the Group had HK$ denominated inter-company other receivables approximately amounting to HK$46,772,000 (2023: HK$152,046,000) that were held by KEE Guangdong, KEE Zhejiang and KEE Hubei for which RMB is their functional currency.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iv) Currency risk (Continued)

Sensitivity analysis

At 31 December 2024, it is estimated that a general appreciation/depreciation of 0.5% in HK$ against RMB, with all other variables held constant, would have decreased/increased the Group's net profit for the year and decreased/increased accumulated losses by approximately HK$241,000 (2023: increased/decreased net profit and decreased/increased accumulated losses by approximately HK$760,000).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits and the inter-company other receivables which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The Group currently has no hedging arrangement for foreign currencies. The management will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2024 Bank borrowing HK$'000	**2024 Lease liabilities HK$'000**	2023 Advance from a related party HK$'000	2023 Lease liabilities HK$'000
Cash flows arising from financing activities				
As at 1 January	**–**	**72,009**	7,393	43,088
Cash flow from financing activities				
Payment of lease liabilities (including interests)	**(200)**	**(18,194)**	–	(25,989)
Repayment	**–**	**–**	(7,393)	–
Other changes:				
Interest expense	**200**	**3,552**	–	3,224
Inception of new leases during the year	**–**	**–**	–	4,434
Acquisition of a subsidiary	**103,890**	**–**	–	–
Proceeds from bank borrowings	**10,827**	**–**	–	–
Modification of leases	**–**	**37,438**	–	48,038
Exchange adjustments	**(226)**	**(3,197)**	–	(786)
As at 31 December	**114,491**	**91,608**	–	72,009

34. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions and balances with related parties:

Relationships	Nature of balances/transactions	2024 HK$'000	2023 HK$'000
Subsidiaries controlled by NCI	Rental deposit	**5,014**	5,283
	Lease interest	**3,388**	2,902
	Lease liabilities	**85,677**	67,792
	Additions (lease liabilities)	**35,764**	59,724
	Additions (right-of-use assets)	**36,149**	59,724
	Short term lease	**3,709**	–
Company controlled by the immediate family member of Group director	Rental deposit	**191**	199
	Lease interest	**44**	–
	Lease liabilities	**1,032**	2,131

(b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 11 and the highest paid employees as disclosed in note 12, is as follows:

	2024 HK$'000	2023 HK$'000
Short-term employee benefits	**22,569**	16,272
Retirement scheme contribution	**120**	140
Share-based compensation	**10,621**	11,050
	33,310	27,462

Total remuneration is included in "staff costs" (note 9(a)).

In addition to the amounts above, the Group also provides other non-monetary benefits (i.e. accommodation) to Directors as disclosed in note 11.

35. ACQUISITION OF A SUBSIDIARY THROUGH THE SHARE SUBSCRIPTION OF CAPITAL

On 30 September 2024, 深圳市爾瑞投資有限公司 (Shenzhen Errui Investment Co., Ltd., "**Shenzhen Errui**", an indirect wholly-owned subsidiary of the Company), Mr. Chen Huipeng and Mr. Zhang Hongjie (both are original shareholders of Shenzhen Jiajinlong) and Shenzhen Jiajinlong entered into the Share Subscription Agreement, pursuant to which Shenzhen Errui has conditionally agreed to subscribe for the register capital of the Shenzhen Jiajinlong in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Shenzhen Jiajinlong upon the completion of the share subscription, at the consideration of RMB9,000,000 (equivalent to approximately HK$9,540,000).

The share subscription was completed on 31 December 2024.

The transaction has been accounted for as acquisition of business using the acquisition method.

	HK$'000
Consideration transferred	
Subscription of capital by cash	9,540

Acquisition-related costs amounting to HK$3,154,000 have been recognised as an expense in the current year within the "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

	HK$'000
Assets acquired and liabilities recognised at the date of share subscription	
Property, plant and equipment	2,402
Investment properties	17,174
Prepayments and rental deposits	159,015
Trade and other receivables	3,453
Cash and cash equivalents	67,147
Trade and other payables	(35,835)
Amounts due to fellow subsidiaries, net	(90,665)
Tax payable	(1,980)
Deferred tax liabilities	(2,253)
Bank borrowings	(103,890)
Total of net assets acquired	14,568

The receivables acquired with a fair value of HK$ at the date of share subscription had gross contractual amounts of approximately HK$3,453,000. The best estimate at share subscription date of contractual cash flows not expected to be collected amounted to approximately HK$3,453,000.

Non-Controlling Interests

The non-controlling interests (i.e. 10% equity interest in Shenzhen Jiajinlong) is recognised at the share subscription date was measured by reference to the proportionate share of recognised amounts of net assets of Shenzhen Jiajinlong and amounted to approximately HK$1,457,000.

35. ACQUISITION OF A SUBSIDIARY THROUGH THE SHARE SUBSCRIPTION OF CAPITAL (CONTINUED)

Bargain purchase gain arising on share subscription

	HK$'000
Consideration transferred	9,540
Plus: Non-controlling interests (10% in Shenzhen Jiajinlong)	1,457
Less: Recognised amounts of net assets acquired	(14,568)
Bargain purchase gain on share subscription	(3,571)

Bargain purchase gain was recognised and included in the profit or loss within the "other revenue, gain and losses, net" line item in these consolidated financial statements for the year ended 31 December 2024.

	HK$'000
Net cash inflow on share subscription to Shenzhen Jiajinlong	
Subscription of capital by cash	9,540
Less: Cash and cash equivalents balances acquired	67,147
Cash and cash equivalents balances acquired	57,607

Impact of acquisition on the results of the Group

The directors consider that since the share subscription was completed on 31 December 2024 and thus, included in the profit for the year is HK$ nil attributable to the additional business generated by Shenzhen Jiajinlong during the year ended 31 December 2024.

No profit and revenue for the year are generated from Shenzhen Jiajinlong. Had the acquisition of Shenzhen Jiajinlong been completed on 1 January 2024, revenue for the year of the Group from continuing operations would have been approximately HK$393,328,000, and profit before taxation from continuing operations would have been approximatelyHK$77,799,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Shenzhen Jiajinlong been acquired at the beginning of the current year, the directors of the Company calculated depreciation of non-financial assets based on the recognised amounts of non-financial assets at the date of the acquisition and eliminate management fee expense and management income between Shenzhen Jiajinlong and Shenzhen Errui.

36. MAJOR NON-CASH TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, the Company did not have any other major non-cash transactions.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Property, plant and equipment	**875**	1,201
Right-of-use assets	**3,025**	2,265
Investments in subsidiaries	**–**	–
Rental deposit	**798**	84
	4,698	3,550
Current assets		
Amount due from a subsidiary	**18,076**	17,002
Other receivables and deposit	**291**	1,027
Cash and cash equivalents	**19,095**	24,435
	37,462	42,464
Current liabilities		
Amount due to a subsidiary	**746**	–
Other payables	**1,589**	1,197
Lease liabilities	**1,544**	1,619
	3,879	2,816
Net current assets	**33,583**	39,648
Total assets less current liabilities	**38,281**	43,198
Non-current liabilities		
Lease liabilities	**1,272**	387
Net assets	**37,009**	42,811
Capital and reserves		
Share capital	**5,745**	5,578
Reserves	**31,264**	37,233
Total equity	**37,009**	42,811

Approved and authorised for issue by the board of directors on 28 March 2025.

Yip Siu Lun Dave *Director*	**Wu Cody Zhuo-xuan** *Director*

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

The movements in reserve of the Company are as following:

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2023	5,578	213,575	–	(155,944)	63,209
Change in equity for 2023:					
Share-based payments	–	–	11,050	–	11,050
Loss and total comprehensive income for the year	–	–	–	(31,448)	(31,448)
Balance at 31 December 2023 and 1 January 2024	**5,578**	**213,575**	**11,050**	**(187,392)**	**42,811**
Change in equity for 2024:					
Share-based payments	**–**	**–**	**–**	**(36,315)**	**(36,315)**
Placing of new shares, net of expenses	**167**	**19,725**	**–**	**–**	**19,892**
Loss and total comprehensive income for the year	**–**	**–**	**10,621**	**–**	**10,621**
Balance at 31 December 2024	**5,745**	**233,300**	**21,671**	**(223,707)**	**37,009**

38. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment and business operation	Issued and fully paid up capital	Attributable equity interest*** 2023	Attributable equity interest*** 2024	Principal activities
KEE International BVI Limited ("**KEE International BVI**")	BVI	100 shares of US$ 1 each	85%	**85%**	Investment holding
KEE Zippers	Hong Kong	1,000,000 shares	85%	**85%**	Trading of zipper products
KEE Guangdong*	The PRC	HK$137,500,000	85%	**85%**	Manufacture and sale of zipper products
KEE Zhejiang*	The PRC	USD8,760,000	85%	**85%**	Manufacture and sale of zipper products
KEE (Hubei) Zippers Manufacturing Limited* ("**KEE Hubei**")	The PRC	RMB38,000,000	85%	**85%**	Manufacture and sale of zipper products
Foshan UNA Cultural Gifts Co., Limited**	The PRC	RMB3,000,000	85%	**85%**	Design and sale of garment accessories
深圳市爾瑞投資有限公司	The PRC	RMB100,000	100%	**100%**	Provision of property management service
深圳市嘉進隆實業發展有限公司	The PRC	RMB10,000,000	Nil	**90%**	Operating of Car City

* These are wholly foreign-owned enterprises in the PRC.

** These are companies with limited liability in the PRC.

*** All the shares of subsidiaries except KEE International BVI are held indirectly by the Company for the year.

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

None of the subsidiaries had issued any debt securities at the end of both years.

38. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following table listed out the information relating to a subsidiary, KEE International BVI, which has material non-controlling interest ("**NCI**") as at 31 December 2024 and 2023. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2024 **HK$'000**	2023 HK$'000
NCI percentage	**15%**	15%
Current assets	**117,788**	134,078
Non-current assets	**120,557**	77,600
Current liabilities	**(86,729)**	(89,346)
Non-current liabilities	**(83,147)**	(55,127)
Net assets	**68,469**	67,205
Carrying amount of NCI	**10,270**	10,081
Revenue	**237,875**	233,677
Profit/(loss) for the year	**4,026**	(72,176)
Total comprehensive income	**190**	(76,138)
Profit/(loss) allocated to NCI	**604**	(10,826)
Cash flows from operating activities	**22,783**	19,697
Cash outflows from investing activities	**(20,429)**	(8,312)

39. CONTINGENT LIABILITIES

At the end of the reporting period, there were two allegedly infringing product claims being lodged against two subsidiaries of the Group claiming (i) in one of the action, an immediate cessation of the production of an allegedly infringing product, destruction of all existing inventory of such product, compensation for economic losses amounting to RMB1,000,000, reasonable expenses of RMB200,000, and reimbursement of all litigation costs; and (ii) in another action, an immediate cessation of the production of an allegedly infringing product, destruction of all existing inventory of such product, compensation for economic losses and reasonable expenses totalling RMB1,000,000, and reimbursement of all litigation costs.

Other than the disclosure of above, as at the end of the reporting period, the Group was not involved n any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2024, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

40. RECLASSIFICATION AND COMPARATIVE FIGURES

During the year ended 31 December 2024, for enhancing the relevance on the presentation of the consolidated financial statements, certain reclassifications have been made to the comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current year's presentation:

	Previous reported HK$'000	After reclassification HK$'000
Prepayment for property, plant and equipment	2,067	–
Rental deposits	3,357	–
Prepayments and rental deposits	–	5,424

41. EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed elsewhere in these consolidated financial statements, the Company did not have any other significant events after the end of the reporting period.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 28 March 2025.

Glossary

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

"Board"	means	the Board of Directors
"CG Code"	means	code on corporate governance practices as set out in Appendix C2 to the Listing Rules
"Company"	means	Gilston Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010, the Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	means	the Director(s) of the Company
"Group"	means	the Company and its subsidiaries
"HK$" and "HK cents"	means	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	means	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	means	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	means	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
"Model Code"	means	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"OEM"	means	original equipment manufacturer or manufacturing
"PRC" or "China" or "Mainland China"	means	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	means	Renminbi, the lawful currency of the PRC
"Share(s)"	means	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	means	holder(s) of issued Share(s)
"Stock Exchange"	means	The Stock Exchange of Hong Kong Limited

* *The English translation or transliteration of the Chinese name(s), where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).*