Reach New Holdings Limited
新達控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8471

2024
Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Sha Xuanyi ("**Ms. Sha**")
(appointed as chairlady on 23 February 2024)
Mr. Li Rongsheng ("**Mr. Li**") *(Chief executive officer)*
Mr. Lam Kai Yuen ("**Mr. Gabi Lam**")
(resigned as chairman on 23 February 2024)
Mr. Lam Kai Cheong ("**Mr. Jeffrey Lam**")

Independent non-executive Directors

Mr. Lin Kin-Chin ("**Mr. Lin**")
Mr. Liu Mingxiao ("**Mr. Liu**")
Mr. Zhu Honghai ("**Mr. Zhu**")

AUDIT COMMITTEE

Mr. Liu Mingxiao *(Chairman)*
Mr. Lin Kin-Chin
Mr. Zhu Honghai

NOMINATION COMMITTEE

Mr. Zhu Honghai *(Chairman)*
Mr. Lin Kin-Chin
Mr. Liu Mingxiao

REMUNERATION COMMITTEE

Mr. Lin Kin-Chin *(Chairman)*
Mr. Liu Mingxiao
Mr. Zhu Honghai

TREASURY COMMITTEE

Ms. Sha Xuanyi *(Chairlady)*
Mr. Li Rongsheng
Mr. Liu Mingxiao

REGISTERED OFFICE

PO Box 1350
Regatta Office Park
Windward 3
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Room 2502, 25th Floor
South Tower, Concordia Plaza
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Tsim Sha Tsui East
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
PO Box 1350
Regatta Office Park
Windward 3
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China, Huizhou Industrial Park Branch
Industrial and Commercial Bank of China

COMPANY SECRETARY

Ms. Chan Mei Wah *(Certified Public Accountant)*

AUTHORISED REPRESENTATIVES

Mr. Lam Kai Yuen
Ms. Chan Mei Wah *(Certified Public Accountant)*

CORPORATE INFORMATION

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

LEGAL ADVISER

As to Hong Kong Law
ONC Lawyers
Solicitors
Hong Kong

COMPANY'S WEBSITE

www.sthl.com.hk
(information of this website does not form part of this report)

STOCK CODE

8471

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Reach New Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present the annual report of the Company for the year ended 31 December 2024 (the "**Year**").

The garment accessories market of the People's Republic of China ("**PRC**") faced numerous challenges during 2024. Our business was inevitably affected by the keen price competition in the market, pressure of increasing operating costs, continuous cost reduction measures taken by the Group's customers, the advent of trade protectionism and intensifying trade frictions between the PRC and the United States of America (the "**USA**"). During 2024, the Group recorded revenue of approximately RMB91.7 million, representing an increase of approximately 38.3% as compared to that of last year. The Group's gross profit for 2024 was approximately RMB25.5 million, representing an increase of approximately 43.7% as compared to that of last year.

With extensive industry experience and expertise of our Directors and management, we have used our best effort to alleviate the impact from said challenges in the market.

In order to deal with the challenging market conditions, the Group will continue to undertake cost control measures and broaden our customer base and product offerings. We will endeavor to maintain our competitive edge in our comprehensive labelling solution services, production management and customer services and to enhance our overall competitiveness and market share. We foresee that it will be challenging for the entire garment accessories market in the upcoming years. We will continue to capture market opportunities so as to achieve a sustainable business growth and maximise the long-term benefits for our shareholders.

In order to diversify the business and income stream of the Group, the Group will also consider exploring other garment and textile business and other business opportunities for maximising the return to Shareholders in the long run. During the first quarter of 2024, the Group has expanded its business operations into production and trading of functional garment in the PRC. The functional garment to be introduced and manufactured by the Group will incorporate mugwort as a key component in the fabric's raw materials. Mugwort is known for its exceptional characteristics, including comfort, high breathability, cooling properties, and its potential to promote health and well-being. The Group also targeted to develop online sales channels of functional garment manufactured by the Group. In addition, the Group entered into an equity transfer agreement to acquire 90% equity interest in Shenzhen GuanChengTong Technology Company Ltd.* (深圳市冠晟通科技有限公司) ("**GuanChengTong**"), which is an information technology company focusing on blockchain technology, application security, big data security, cloud security, Internet-of-Things (IoT) security, industrial control security and industrial internet security. The acquisition, which was completed in January 2025, is expected to diversify the scope of business and will broaden the income stream of the Group in the future.

Finally, on behalf of the Board and the management, I wish to extend my sincere appreciation to all of our staff for their tireless efforts, diligence and contribution to the Group during 2024, and express my utmost gratitude to all shareholders, investors, customers, suppliers and business partners for their continued and valuable support and trust to the Group.

REACH NEW HOLDINGS LIMITED
Ms. Sha Xuanyi
Chairlady and executive Director

Hong Kong, 25 March 2025

* unofficial name for identification only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an established labelling solution provider and a one-stop garment accessories manufacturer and supplier based in the PRC. The Group mainly engages in the production of three types of products, which are (i) printed products (e.g. hangtags, price tags and stickers), (ii) woven labels (e.g. woven brand labels, woven size labels and badges) and (iii) printed labels (e.g. printed brand labels, printed size labels and care content labels). The Group also sources and sells other garment accessories, such as tapes, hanging tablets, string locks, leather badge, buttons and metal products, to the customers in the PRC. The Group's customers mainly include (i) garment brand companies, (ii) sourcing companies designated by garment brand companies and (iii) garment manufacturers in the PRC. In order to diversify the business and income stream, the Group has expanded its business operations into production and trading of functional garment in the PRC. The Group is also exploring other business opportunities for maximising the return to Shareholders in the long run.

Looking forward, the Directors consider that the future opportunities and challenges faced by the Group will continue to be affected by the overall development of the garment market in the PRC as well as factors such as the increasing costs of labour and materials. The Directors are of the view that regarding further development of garment market in the PRC, shortening of fashion cycle and the multifunction of labels remains to be the key drivers for the growth of the PRC garment accessories industry. During the year ended 31 December 2024, the Group undertook two rounds of placing under general mandate for raising funds to develop functional garment manufacturing business. In addition, the Group explored new business opportunities to strengthen the Group's income streams, including, but not limited to, sales of garment products through different channels. The Group would also re-enter the information technology segment by acquiring 90% equity interest in GuanChengTong, which is a company principally engages in blockchain technology and IT security. The acquisition is expected to diversify the scope of business and will broaden the income stream of the Group in the future.

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors in respect of future challenges that are commonly faced by all competitors, and the Group will continue to adopt a positive yet prudent approach in its business strategies, with an aim to enhance the Group's profitability and maximise the shareholders' value in the long run.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded revenue of approximately RMB91.7 million, representing an increase of approximately 38.3% comparing with that of approximately RMB66.3 million for the year ended 31 December 2023. A breakdown on revenue of the Group by product types for 2024 and the comparative figures in 2023 is summarised as below:

	For the year ended 31 December			
Product types	**2024**		2023	
	RMB'000	**%**	RMB'000	%
Printed products	**28,584**	**31.2**	25,319	38.2
Woven labels	**13,443**	**14.6**	10,739	16.2
Printed labels	**17,763**	**19.4**	15,763	23.8
Others (note)	**31,916**	**34.8**	14,502	21.8
	91,706	**100**	66,323	100

Note: Others mainly include tapes, string locks, leather badge, buttons and metal products, etc..

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue increased by approximately 38.3% from approximately RMB66.3 million for the year ended 31 December 2023 to approximately RMB91.7 million for the year ended 31 December 2024. The increase in the Group's revenue was mainly attributable to more resources and effort being put by the Group for marketing and development of wider customers base and expansion of other garment accessories and trading business.

The Group will continuously put more resources and effort in marketing to attract potential customers in the PRC and at the same time exploring the expansion of the customer base of the Group to PRC and foreign garment brand companies, in order to increase sales and enhance its profitability. In addition, the Group has expanded into other garment and textile business, such as production and trading of functional garment, and re-entered into the information technology segment. The Group is also keen to explore other business opportunities to diversify income streams.

Cost of sales and gross profit

During the year ended 31 December 2024, the Group's gross profit increased by approximately 43.7% from approximately RMB17.7 million for the year ended 31 December 2023 to approximately RMB25.5 million for the year ended 31 December 2024. The Group's cost of sales primarily consists of material costs, direct labour costs, subcontracting costs, rental and rates, depreciation on machinery and utilities.

During the year ended 31 December 2024, the Group's revenue increased by 38.3% while the cost of sales increased by 36.3% as compared with that of the previous year primarily due to shift in product mix. As a result, the Group's gross profit margin increased by approximately 1.1 percentage points from approximately 26.7% for the year ended 31 December 2023 to approximately 27.8% for the year ended 31 December 2024.

Other income, gains and losses

During the year ended 31 December 2024, the Group's other income, gains and losses slightly decreased by approximately RMB0.1 million from approximately RMB0.9 million for the year ended 31 December 2023 to approximately RMB0.8 million for the year ended 31 December 2024.

Distribution and selling expenses

Distribution and selling expenses increased by approximately RMB0.6 million to approximately RMB4.5 million for the year ended 31 December 2024 from approximately RMB3.9 million for the year ended 31 December 2023 primarily due to more resources and effort were devoted for marketing and development of wider customers base.

Administrative expenses

Administrative expenses increased by approximately RMB 3.3 million to approximately RMB29.3 million for the year ended 31 December 2024 from approximately RMB26.0 million for the year ended 31 December 2023, which was mainly due to the increase in staff costs and benefits during the year ended 31 December 2024 comparing with those of last year. Administrative expenses consist primarily of staff costs and benefits, depreciation (excluding depreciation on property, plant and equipment), office expenses and other general administrative expenses.

Impairment of non-financial assets

For the year ended 31 December 2024, the Group did not record any impairment of non-financial assets, while the amount was RMB9.9 million for the year ended 31 December 2023.

Income Tax expense

Income tax expense of the Group was approximately RMB0.3 million for the year ended 31 December 2024 (for the year ended 31 December 2023: approximately RMB0.2 million).

Loss for the Year

As a result of the foregoing, the Group's loss for the year was approximately RMB8.3 million for the year ended 31 December 2024, as compared with the loss for the year of approximately RMB21.6 million for the year ended 31 December 2023. The decrease in loss is mainly attributable to (i) the Group did not record any impairment of non-financial assets during the Year, and (ii) the increase in gross profit.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total assets of approximately RMB51.8 million (2023: approximately RMB40.5 million), which was financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately RMB17.0 million (2023: approximately RMB12.1 million) and approximately RMB34.8 million (2023: approximately RMB28.4 million), respectively.

The Group maintained sufficient working capital as at 31 December 2024 with bank and cash balances of approximately RMB21.1 million (2023: approximately RMB19.7 million, which were principally denominated in RMB). The Board adopts treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. As at 31 December 2024, the Group had bank borrowings of RMB240,000 (2023: RMBnil).

GEARING RATIO

The gearing ratio of the Group as at 31 December 2024 was approximately 4.0% (2023: nil). The gearing ratio is calculated based on the total obligation under bank borrowings and overdrafts divided by total equity at the end of the year and multiplied by 100%.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group adopted an investment policy to utilise the idle cash or other financial resources of the Group to generate reasonable return to the Group with acceptable and controllable risks associated with the investments placed by the Group. In this connection, the Company also established a treasury committee of the Board to consider and assess the investment decisions of the Company in compliance of the treasury policy.

On the other hand, the Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of our customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet our funding requirements from time to time.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not pledge any assets (2023: nil) as securities for any facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB. As at 31 December 2024, the Group's cash and bank deposits, were mainly denominated in RMB and Hong Kong Dollar ("**HKD**"). Any significant exchange rate fluctuations of HKD against RMB as the functional currency may have a financial impact to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 December 2024, the Group did not use any financial instruments for hedging purposes.

CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in Note 25 to the consolidated financial statements of the Group in the report. On 18 January 2024, the Company completed placing of 100,000,000 Shares under generate mandate and the number of its issued ordinary Shares increased to 950,000,000. On 2 May 2024, the Company completed placing of 70,000,000 Shares under general mandate and the number of its issued ordinary Shares increased to 1,020,000,000. For details of the placings conducted in 2024, please refer to the paragraphs headed "January-2024 Placing" and "May-2024 Placing" below.

As at 31 December 2024, the number of its issued ordinary Shares was 1,020,000,000 of HK$0.01 each.

DIVIDEND

The Board resolved not to declare any final dividend for the year ended 31 December 2024. No dividend in respect of the year ended 31 December 2024 (2023: nil) were declared by the Board.

COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitments (2023: nil).

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed on note 7 to the consolidated financial statements of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 June 2017 (the "**Prospectus**") and in this report, the Group did not have any plan for material investments or capital assets as of 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 23 December 2024, the Group entered into an agreement to acquire a 90% equity interest in GuanChengTong, a company specializing in blockchain technology and IT security services, at the consideration of RMB90,000. The acquisition constituted a discloseable transaction. Upon completion of the acquisition of GuanChengTong, GuanChenTong became a subsidiary of the Company, whose financial results would be consolidated into the financial results of the Group. The transaction was completed on 15 January 2025. For further information in relation to the acquisition of the equity interest in GuanChengTong, please refer to the announcement of the Company dated 23 December 2024. Save as disclosed in this report, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYMENTS AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed a total of 219 employees (2023: 232 employees) in mainland China and Hong Kong. The staff costs, including Directors' emoluments, of the Group were approximately RMB33.1 million for the year ended 31 December 2024 (2023: approximately RMB24.7 million). Directors' emoluments for the year ended 31 December 2024 amounted to approximately RMB3.0 million (2023: approximately RMB2.6 million) which included emoluments of the independent non-executive Directors for a total amount of approximately RMB0.4 million (2023: approximately RMB0.6 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to prevailing market salary level and individual employees' performance, qualification and experience). On top of basic salaries, discretionary bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual contribution.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the year ended 31 December 2024.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposure are summarised as follows:

(i) The Group's business may be seriously affected by any possible public health incident, which may cause lock-down, travel restrictions and suspension of work in the PRC, Hong Kong and other locations;

(ii) The Group has not entered into long-term contracts with the customers of the Group and it is difficult for the Group to forecast future order quantities;

(iii) Increases in the prices of raw materials may materially and adversely affect the Group's business, financial condition and results of operations;

(iv) The Group may experience a shortage of labour or our labour costs may continue to increase;

(v) The Group faces intense competition in the garment accessories industry in the PRC;

(vi) The Group may lose its customers if its customers move their factories from the PRC;

(vii) The Group may exposed to environmental liabilities;

(viii) The Group may be subject to potential labour disputes and labour strikes; and

(ix) The future expansion plans of the Group, such as production and trading of functional garment, may not be successful and are subject to uncertainties and risks.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 December 2024 is set out in the section headed "Five Years' Financial Summary" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As the operation and production of the Group is mainly located in the PRC, the Group's operations are subject to certain environment requirements pursuant to the laws in the PRC, including primarily those in relation to prevention and reduction of pollution, water pollution control and waste disposal control.

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to promote efficient use of resources and adopting green technologies for emission reduction. For instance, the Group seeks to replace the equipment by the environmental friendly machines in order to minimise overall exhaust emission.

For further information in relation to the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during the year ended 31 December 2024.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

To the best knowledge and belief of the Directors, the Group maintains good relationship with its customers. The sales personnel and merchandisers make regular phone calls to the customers and visit them overseas periodically. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken to address the complaint made by the customer.

To the best knowledge and belief of the Directors, the Group also maintains a good relationship with its suppliers. During the year ended 31 December 2024, no material complaint was received from the customers or the suppliers and there was no disputed debts or unsettled debts.

During the year ended 31 December 2024, there was no material dispute with the Group's employees and no dispute on salary payments and other labour dispute. All accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits with reference to the individual performance, work experience and prevailing salary levels in the market.

In view of the above and as at the date of the annual report, there is no circumstance or any event relating to employees, customers and suppliers which will have a significant impact on the Group's business and operation.

EVENTS AFTER THE REPORTING PERIOD

The Group has explored other business opportunities such as re-entering information technology business in the PRC. The acquisition of the equity interest in GuanChengTong was completed in January 2025. For further information in relation to the acquisition of the equity interest in GuanChengTong by the Group, please refer to the paragraph headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" above. Save as disclosed, there was no other significant subsequent events happened to the Group after 31 December 2024 and up to the date of this report.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing, after deducting listing-related expenses, were approximately HK$37.6 million (equivalent to approximately RMB32.7 million) (the "**Net Proceeds**"). After the Listing, part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. On 28 April 2020, the Board resolved to change the use of the unutilised portion of the Net Proceeds, details of which are more particularly disclosed in the Company's announcement dated 28 April 2020. The unutilised Net Proceeds brought forward from 31 December 2023 was in the amount of HK$9.9 million. The unutilised Net Proceeds have been and will be applied according to the disclosure in the Prospectus and the announcement of the Company dated 28 April 2020.

An analysis of the utilisation of the Net Proceeds as at 31 December 2024 is set out below:

Intended Use of Net Proceeds	Revised planned application of the Net Proceeds HK$'million	Utilised Net Proceeds as at 31 December 2024 HK$'million	Net Proceeds utilised during the Year HK$'million	Unutilised balance as at 31 December 2024 HK$'million	Expected timeline for the intended use
Upgrading the production facilities and digital printing technology of the Group	7.9	7.9	–	–	–
Developing the capability of applying RFID technology to the products of the Group	3.0	1.2	0.5	1.8	December 2025
Enhancing the heat transfer printing production facilities of the Group	4.1	4.1	–	–	–
Upgrading the information technology systems of the Group	5.3	5.3	–	–	–
Expansion of the sales and marketing department of the Group	3.0	3.0	0.4	–	–
General working capital	3.3	3.3	–	–	–
Developing garment trading business	8.0	8.0	7.2	–	–
Developing the internet and information technology business	3.0	3.0	–	–	–
Total	37.6	35.8	8.1	1.8	

There has been delay in the application of the Net Proceeds for developing the capability of applying RFID technology. The reasons for the delay in application were that the demand for garment accessory was lower than expected, which led to a slower rate of utilisation of the Net Proceeds allocated for developing the capability of applying RFID technology. With the gradual recovery of the garment industry, the Company will apply the unutilised portion of the Net Proceeds as and when appropriate with reference to the pace of recovery of the garment industry according to the manner as disclosed in the Prospectus and the announcement of the Company dated 28 April 2020. All the unutilised balance of the Net Proceeds have been placed in licenced banks in Hong Kong or the PRC as at 31 December 2024.

USE OF NET PROCEEDS FROM THE PLACING

FY2020 Placing

As disclosed in the Company's announcements dated 28 April 2020 and 13 May 2020, 50,000,000 Shares (the "**FY2020 Placing Shares**") were successfully placed to nine independent placees at the placing price of HK$0.113 per FY2020 Placing Share under general mandate (the "**FY2020 Placing**"). The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the FY2020 Placing) from the FY2020 Placing are HK$5.65 million and approximately HK$5.41 million, respectively (the "**FY2020 Placing Proceeds**"). As disclosed in the announcement of the Company dated 3 December 2021, the Group entered into a sale and purchase agreement to dispose of the equity interest of Dongdong Laike. As such, on 3 December 2021, the Board resolved to change the use of the unutilised portion of the net FY2020 Placing Proceeds to be utilised for investment in other information technology companies or projects which may be identified by the Group as suitable targets in the future.

The unutilised FY2020 Placing Proceeds brought forward from 31 December 2023 was in the amount of HK$5.1 million. An analysis of the unutilisation of the net proceeds from the FY2020 Placing as at 31 December 2024 is set out below:

Intended use of the net proceeds from the FY2020 Placing	Revised total planned amount	Utilised net proceeds from the FY2020 Placing as at 31 December 2024	Net proceeds from the FY2020 Placing utilised during the Year	Unutilised net proceeds from the FY2020 Placing as at 31 December 2024	Expected timeline for the intended use
	HK$'million	HK$'million	HK$'million	HK$'million	
Working capital in Dongdong Laike in connection with the Group's development in the information technology industry	0.3	0.3	–	–	–
Investment in information technology companies or projects	5.1	0.1	0.1	5.0	December 2025

The Company will apply the unutilised portion of the FY2020 Placing Proceeds according to the announcements of the Company dated 13 May 2020 and 3 December 2021. The Company had utilised approximately RMB0.1 million to acquire the equity interest of GuanChengTong. The Company will continue to identify suitable acquisition target to utilise the remaining unutilised FY2020 Placing Proceeds as soon as practicable. The Company will make further announcement(s) as to update on the use of the FY2020 Placing Proceeds as and when appropriate.

JANUARY-2024 PLACING

As disclosed in the Company's announcements dated 2 January 2024 and 18 January 2024, 100,000,000 Shares (the "**Jan-2024 Placing Shares**"), which ranked pari passu with other ordinary shares, were successfully placed to seven independent placees at the placing price of HK$0.08 per Jan-2024 Placing Share under general mandate (the "**Jan-2024 Placing**"). The net price per Jan-2024 Placing Share was approximately HK$0.077 and the closing price of the Shares on 2 January 2024, being the date on which placing agreement was signed, was HK$0.097. The Jan-2024 Placing Shares have an aggregate nominal value of HK$1 million. The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the Jan-2024 Placing) from the Jan-2024 Placing are HK$8.0 million and approximately HK$7.7 million, respectively (the "**Jan-2024 Placing Proceeds**"). The market value of the Jan-2024 Placing Shares was HK$9.7 million on the date on which the placing agreement was signed.

The reasons for the Jan-2024 Placing and an analysis of the unutilisation of the net proceeds from the Jan-2024 Placing as at 31 December 2024 is set out below:

Intended use of the Jan-2024 Placing Proceeds	**Total planned amount**	**Utilised net proceeds from the Jan-2024 Placing as at 31 December 2024**	**Net proceeds from the Jan-2024 Placing utilised during the Year**	**Unutilised net proceeds from the Jan-2024 Placing as at 31 December 2024**	**Expected timeline for the intended use**
	HK$'million	HK$'million	HK$'million	HK$'million	
Expansion of production plant for functional garment	3.1	3.1	3.1	–	–
Acquisition of machineries for manufacture and processing of functional garment	2.3	–	–	2.3	December 2025
Purchasing raw materials and semi-finished products for further processing at the Group's production plant	1.5	–	–	1.5	December 2025
Working capital of the Company	0.8	0.8	0.8	–	–
Total	7.7	3.9	3.9	3.8	

The unutilised portion of the net proceeds of Jan-2024 Placing is currently placed in banks in Hong Kong and the PRC. The Company has applied the utilised portion and will apply the unutilised portion of the Jan-2024 Placing Proceeds according to the announcement of the Company dated 18 January 2024.

MAY-2024 PLACING

As disclosed in the Company's announcements dated 16 April 2024 and 2 May 2024, 70,000,000 Shares (the "**May-2024 Placing Shares**"), which ranked pari passu with other ordinary shares, were successfully placed to six independent placees at the placing price of HK$0.07 per May-2024 Placing Share under general mandate (the "**May-2024 Placing**"). The net price per May-2024 Placing Share was approximately HK$0.067 and the closing price of the Shares on 16 April 2024, being the date on which the placing agreement was signed, was HK$0.081. The May-2024 Placing Shares have an aggregate nominal value of HK$700,000. The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the May-2024 Placing) from the May-2024 Placing are HK$4.9 million and approximately HK$4.7 million, respectively (the "**May-2024 Placing Proceeds**"). The market value of the May-2024 Placing Shares was HK$5.67 million on the date on which the placing agreement was signed.

The reasons for the May-2024 Placing and an analysis of the utilisation of the net proceeds from the May-2024 Placing as at 31 December 2024 is set out below:

Intended use of the May-2024 Placing Proceeds	Total planned amount	Utilised net proceeds from the May-2024 Placing as at 31 December 2024	Net proceeds from the May-2024 Placing utilised during the Year	Unutilised net proceeds from the May-2024 Placing as at 31 December 2024	Expected timeline for the intended use
	HK$'million	HK$'million	HK$'million	HK$'million	
Marketing and developing online sales channels of the functional garment	3.0	0.8	0.8	2.2	December 2025
Working capital of the Company	1.7	1.7	1.7	–	–
Total	4.7	2.5	2.5	2.2	

The unutilised portion of the net proceeds of May-2024 Placing is currently placed in banks in Hong Kong and the PRC. The Company has applied the utilised portion and will apply the unutilised portion of the May-2024 Placing Proceeds according to the announcement of the Company dated 2 May 2024.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then sole shareholder of the Company on 24 June 2017 (the "**Share Option Scheme**") and will remain in force for 10 years after its adoption with terms of the Share Option Scheme under Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the directors' report of this report. On 26 March 2024, the Company granted 80,000,000 share options ("**Share Options**") to a number of grantee under the Share Option Scheme.

Details of the Share Options granted during the Period is as follows:

Grantees	Name of Director	Grant Date	Exercise Price	Exercise Period	Vesting Date	Balance as at 1 January 2024	Number of Share Options granted during the Year	Number of Share Options exercised during the Year	Number of Share Options cancelled or lapsed during the Year	Balance as at 31 December 2024
Directors	Ms. Sha Xuanyi	26 March 2024	HK$0.1	From 26 March 2025 to 25 March 2026	26 March 2025	–	950,000	–	–	950,000
	Mr. Li Rongsheng	26 March 2024	HK$0.1	From 26 March 2025 to 25 March 2026	26 March 2025	–	9,500,000	–	–	9,500,000
Other 17 employees		26 March 2024	HK$0.1	From 26 March 2025 to 25 March 2026	26 March 2025	–	69,550,000	–	–	69,550,000
Total						–	80,000,000	–	–	80,000,000

The Share Options outstanding at 31 December 2024 had a weighted average remaining contractual life of 1.23 years.

On 26 March 2024, the Company granted a total of 80,000,000 Share Options with the vesting period, exercise period, exercise price and other particulars set out in the table above. The closing price of the Shares on the Stock Exchange was HK$0.094 per Share on 26 March 2024 as the date of grant and HK$0.093 per Share on 25 March 2024, being the date immediately before the date of grant. The Share Options granted on 26 March 2024 were not subject to any specific performance target. The fair value of the Share Options granted on 26 March 2024 was approximately RMB2,869,000 which was recognised as share based payment expense in the consolidated profit or loss for the year ended 31 December 2024. The accounting standard and policy adopted for calculation of the fair value of the Share Options granted on 26 March 2024 is based on Hong Kong Financial Reporting Standard 2 — Share-based Payment (HKFRS 2) and the Binomial Option Pricing Model was adopted in its valuation.

At the beginning of the Year, 80,000,000 Share Options were available for the grant under the Share Option Scheme. After the grant of the Share Options and at the end of the Year, no Share Options were available for future grants under the scheme mandate limit of the Share Option Scheme. There is no service provider sublimit under the Share Option Scheme. The number of Share which may be issued by exercising the outstanding Share Options as at the beginning and at the end of the Year was 0 Shares and 80,000,000 Shares, respectively, which represent 0% and approximately 7.84% of the number of issued Shares as at the beginning and at the end of the Year. Save for disclosed, no Share Option has been exercised, granted, cancelled or lapsed during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus and revised by the announcement dated 28 April 2020 "Placing of new shares under general mandate change in use of proceeds from the Listing" against the Group's actual business progress up to 31 December 2024 is set out below:

Business objectives	Actual business progress up to 31 December 2024
Upgrading production facilities and digital printing technology	The Group has upgraded the production, facilities and digital printing technology.
Developing the capability of applying RFID technology to the products of the Group	The Group will develop the capability of applying RFID technology to the products of the Group according to the implementation plan as set out in the announcement.
Enhancing the heat transfer printing production facilities	The Group has enhanced its heat transfer printing production facilities by acquiring certain relevant machines and hiring additional staff for heat transfer printing production.
Upgrading the information technology system	The Group has upgraded the information technology system according to the implementation plan as set out in the announcement.
Expanding the sales and marketing department	The Group will expand the sales and marketing departments according to the implementation plan as set out in the announcement.
Developing garment trading business	The Group will develop the garment trading business according to the implementation plan set out in the announcement.
Developing the internet and information technology business	The Group has developed the internet and information technology business.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Chairlady and executive Director

Ms. Sha Xuanyi (沙宣邑女士)

Ms. Sha Xuanyi, aged 51, was appointed as an executive Director on 26 September 2023 and as the chairlady of the Board on 23 February 2024. Ms. Sha was awarded a bachelor's degree in economics in Huazhong University of Science and Technology* (華中科技大學), the PRC in 2006 and a master's degree in computer application technology from Nanjing University of Science and Technology* (南京理工大學), the PRC in 2016, and a master's degree in science of Chinese environmental studies in Hong Kong Metropolitan University in 2023.

Ms. Sha worked at China Merchants Bank in Shenzhen, the PRC from February 1993 to January 2014. Her last position at China Merchants Bank was the general manager of the sales department of China Merchants Bank's Qianhai branch. Since 2014, Ms. Sha has been focusing on the business of personal investment.

Executive Directors

Mr. Li Rongsheng (李榮生先生)

Mr. Li Rongsheng, aged 36, was appointed as an executive Director and the chief executive officer of the Group on 28 November 2023. Mr. Li was awarded a bachelor's degree in arts from Nankai University (南開大學), the PRC, in 2011, and a master degree in Business Administration from Hong Kong Metropolitan University in September 2024.

Mr. Li had 12 years of experience working in the property development industry. From May 2011 to May 2013, Mr. Li worked at Shenzhen Tianxia Real Estate Development Co., Ltd.* (深圳市田厦房地產開發有限公司) in the PRC as a purchasing engineer. From May 2013 to July 2022, Mr. Li was the senior management of Shenzhen Qiuming Investment Development Co., Ltd (深圳市秋銘投資發展有限公司) in the PRC. From August 2018 to May 2023, Mr. Li was the deputy general manager of Shenzhen Nanxian Technology Co., Ltd. (深圳南顯科技有限公司) in the PRC.

Mr. Lam Kai Yuen (林啟源先生)

Mr. Gabi Lam, aged 41, was appointed as the Director on 22 January 2016, was re-designated as the executive Director on 26 January 2017 and as the chairman on 26 September 2023 and resigned as chairman on 23 February 2024. He is responsible for overseeing the overall strategic planning, business development and day-to-day management of the Group's operations.

Mr. Gabi Lam obtained a bachelor's degree of business in management with distinction from the Queensland University of Technology in October 2004. He then obtained a master's degree of business in entrepreneurship from the University of Queensland in December 2005. Mr. Gabi Lam has over 18 years of experience in the garment accessories manufacturing industry since he joined the Group in March 2006. He was then appointed as the general manager of STL Garment Accessories and Reach New Technology in August 2006, being responsible for overseeing the factory operations of these companies.

Mr. Gabi Lam currently serves as a director of four subsidiaries of the Company, namely New Forest, Smart Trend, STL Garment Accessories and Reach New Technology. Mr. Gabi Lam is the elder brother of Mr. Jeffrey Lam.

* *for identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam Kai Cheong (林啟昌先生)

Mr. Jeffrey Lam, aged 35, was appointed as the Director on 22 January 2016 and as the executive Director on 26 January 2017. He is responsible for overseeing the overall strategic planning, business development and day-to-day management of the Group's operations.

Mr. Jeffrey Lam graduated from the University of Bath with a bachelor's degree of science in accounting and finance in June 2012. Mr. Jeffrey Lam has around 12 years of experience in the garment accessories manufacturing industry. He was appointed as director of Reach New Technology in April 2007 and joined STL Garment Accessories in August 2012 as general manager assistant, assisting Mr. Gabi Lam in overseeing the factory operations of these companies.

Mr. Jeffrey Lam currently serves as a director of three subsidiaries of the Company, namely Smart Trend, STL Garment Accessories and Reach New Technology. He is also the accounting manager of Smart Trend. He is the younger brother of Mr. Gabi Lam.

Independent non-executive Directors

Mr. Lin Kin-Chin (林耕進先生)

Mr. Lin Kin-Chin, aged 67, was appointed as an independent non-executive Director on 26 September 2023. He is the chairman of the remuneration committee, member of the audit committee and member of the nomination committee.

Mr. Lin Kin-Chin obtained a bachelor's degree from Taipei University of Marine Technology (台北海洋科技大學) (formerly known as 中國海事專科學校), Taiwan in 1979. He had 16 years' experience working as senior management of various companies, namely being the general manager and executive director of 保山康源生物有限責任公司 in the PRC from October 2007 to June 2021, being the executive director and legal representative of 天息綠能(深圳)生物科技有限公司 in the PRC from October 2007 to June 2021 and being the director of 四川速肥綠能科技有限公司 in the PRC from August 2023 to September 2023.

Mr. Liu Mingxiao (劉明曉先生)

Mr. Liu Mingxiao, aged 55, was appointed as an independent non-executive Director on 28 November 2023. He is the chairman of the audit committee, member of the remuneration committee and member of the nomination committee.

Mr. Liu was awarded a bachelor's degree in economic management from Party School of Heilongjiang Provincial Committee of the Communist Party of China (中共黑龍江省委黨校), the PRC in 1997, and in 2007, Mr. Liu further obtained the title of Qualification Certificate of Speciality and Technology in Accounting (Intermediate)* (會計專業技術中級資格證書) conferred by the Ministry of Finance of the PRC.

Mr. Liu had 23 years of experience working in the finance area of various companies. From June 2001 to September 2009, Mr. Liu worked at Puyang Shennong Seed Co., Ltd.* (濮陽市神農種業有限公司) in the PRC as an accountant; and from October 2009 to August 2016, Mr. Liu was the finance manager of Shenzhen Kunyuan Motor Vehicle Driver Training Co., Ltd.* (深圳市坤元機動車駕駛員培訓有限公司) in the PRC; and from September 2016 to June 2019, he was the finance manager of Zhonghe Biological Seed Industry Group Co., Ltd.* (中禾生物種業集團有限公司) in the PRC. From July 2019 to July 2021, Mr. Liu was the finance manager of ISP Global Limited, a company whose shares are listed on GEM of the Stock Exchange, (stock code 8487), and he is currently the finance manager of Zhonghe Biological Seed Industry Group Co., Ltd.* (中禾生物種業集團有限公司) in the PRC from August 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhu Honghai (朱洪海先生)

Mr. Zhu Honghai, aged 46, was appointed as an independent non-executive of the Company on 25 February 2022. He is the chairman of the remuneration committee and a member of the audit committee and nomination committee. Mr. Zhu obtained a bachelor's degree in law from Sun Yat-sen University, the PRC in 2004. Mr. Zhu was qualified as a lawyer in the PRC and is currently a lawyer in B&D Law Firm (Shenzhen)* (北京市北斗鼎銘(深圳)律師事務所).

Save as the above, each of the Director and member of the senior management has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Save as disclosed above, there is no financial, business, family or other material or relevant relationship among the members of the Board and senior management.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 of the GEM Listing Rules. During the year ended 31 December 2024, to the best knowledge of the Board, the Company has complied with all applicable code provisions of the CG Code .

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision C.2.1 of the CG Code stipulates that the role of the chairman and chief executive officer should be separated and should not be preformed by the same individual. During the year ended 31 December 2024, the Company fully complied with the said code provision that the role of the chairman was separated from the chief executive officer and both roles were not performed by the same individual.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "**Board Committees**"). Further details of the Board Committees are set out below in this annual report.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in code provision A.2.1 of the CG Code, which include the following:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;

2. to review and monitor the training and continuous professional development of the Directors and senior management;

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

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

CORPORATE GOVERNANCE REPORT

Composition of the Board

During the Year and up to the date of this annual report, the Board comprises seven Directors, including four executive Directors and three independent non-executive Directors (the "**INED**"). The composition of the Board during the Year is set out as follow:

Executive Directors
Ms. Sha Xuanyi
Mr. Lam Kai Yuen
Mr. Li Rongsheng
Mr. Lam Kai Cheong

Independent non-executive Directors
Mr. Lin Kin-Chin
Mr. Liu Mingxiao
Mr. Zhu Honghai

In compliance with rules 5.05(1) and 5.05(2) of the GEM Listing Rules, the Board consisted of three INEDs during the year ended 31 December 2024, with at least one independent non-executive Director (i.e. Mr. Liu Mingxiao) possessing appropriate professional qualifications or accounting or related financial management expertise. During the Year and as of the date of this report, the number of INEDs represents more than one-third of the Board as required under rule 5.05A of the GEM Listing Rules. As such, there is a strong independent element in the Board to provide independent judgement.

In accordance with code provision C.3.3 of the CG Code, the Company has entered into a letter of appointment with each of the INEDs under which each INED is appointed for a fixed term (subject to re-election). Each of the letter of appointment is for a fixed term of one year initially commencing from the Listing Date and renewable automatically for successive term of one year unless terminated by either party in accordance with the terms thereof. Specific enquiry has been made by the Company of each of the INEDs to confirm their independence pursuant to rule 5.09 of the GEM Listing Rules. In this connection, the Company has received confirmations from all of the four INEDs as to their independence. Based on the confirmations received, the Company considers all the INEDs to be independent under the GEM Listing Rules.

Pursuant to Article 84 of the articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Saved as disclosed below and in the section "Biographical Details of Directors and Senior Management" in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Board Diversity Policy

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the CG Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company recognises and benefits from the diversity of Board members. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed:

- To attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talents;

- To maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives;

- To assess regularly the diversity profile of the Board and, where applicable, senior management prepared for the Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any;

- To ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered;

- To set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions; and

- To ensure that changes to the Board's composition can be managed without undue disruption.

While appointments of all members of the Board will continue to be made on a merit basis, the Company will ensure that the Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skill, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. The goal of the Board diversity is to ensure that a balanced composition of skill, experience and expertise offered by different Directors in the Board can provide a wider range of prospective, insights and solutions to the Company and enable the Board to discharge its duties effectively and support the sustainable growth of the Company in the long run.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

Board Diversity

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one female member with immediate effect as its measurable objective and may further increase in the next five years. During the Year and as at the date of this Report, the Board comprised two and one female Board members, respectively, in which case the Board considered gender diversity has been achieved. The Board also sets a non-gender diversity measurable objective that it should comprise at least one Director which is not for textile related professional qualifications or expertise. During the Year, this measurable objective has been achieved. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2024, the Group had a total of 216 staff members (including members of the senior management but excluding Directors). The gender composition of the staff members (including members of the senior management but excluding Directors) was approximately 45.8% male staff members and 54.2% female staff members.

The Board considered that gender diversity of the workforce of the Group has been well maintained during the Year. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

Board and General Meetings

During the Year, four Board meetings were held. The annual general meeting of the Company for 2023 was held on 10 May 2024 (the "**2024 AGM**").

The attendance record of each Director at the Board meeting for the Year and 2024 AGM is set out in the table below:

	Number of Attendance/ number of Board Meetings	Attendance to the 2024 AGM
Executive Directors		
Ms. Sha Xuanyi	4/4	yes
Mr. Lam Kai Yuen	4/4	yes
Mr. Li Rongsheng	4/4	yes
Mr. Lam Kai Cheong	4/4	yes
Independent non-executive Directors		
Mr. Lin Kin-Chin	4/4	yes
Mr. Liu Mingxiao	4/4	yes
Mr. Zhu Honghai	4/4	yes

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors as the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company has made specific enquiry to each of the Directors as to the compliance of the Model Code and each of the Director confirmed that they have fully complied with the Model Code during the year ended 31 December 2024. The Company was not aware of any non-compliance with the Model Code by the Directors during the year ended 31 December 2024.

Corporate Governance Functions and Conduct of Meetings

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions as set out in code provision A.2.1 of the Code, such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Code provision C.5.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are required to be given. An agenda and accompanying board papers are sent to all Directors at least three days before each Board meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Directors also have separate independent professional advice at the Company's expense to assist them in performing their duties to the Company if necessary. Minutes of all Board meetings recording sufficient details of matters considered and decisions made are duly kept by the secretary of the meetings and open for inspection on reasonable notice by the Directors.

Mechanism ensuring sufficient independence views to the Board

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

- The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time).

- Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

- The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

- Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

- The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

Decision Making

- All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

- All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

- The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

All the Directors understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills. During the year ended 31 December 2024, the Directors have complied with the code provision C.1.4 of the CG Code by participating sufficient relevant continuous professional training.

The Company has maintained the training record in respect of each Director. There are also arrangements in place for providing continuing briefing and professional development to Directors by the Company whenever necessary.

BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established. An audit committee (the "**Audit Committee**") has been established on 24 June 2017 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and code provisions D.3.3 and D.3.7 of the CG Code; a remuneration committee (the "**Remuneration Committee**") has been established on 24 June 2017 with its terms of reference in compliance with code provision E.1.2 of the CG Code; and a nomination committee (the "**Nomination Committee**") has been established on 24 June 2017 with its terms of reference in compliance with code provision B.3.1 of the CG Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the CG Code. The relevant terms of reference of each of the three committees can be found on the Group's website (www.sthl.com.hk) and the website of the Stock Exchange. In addition, a treasury committee (the "**Treasury Committee**") has been established on 28 November 2023.

All committees have been provided with sufficient resources and support from the Group to discharge their duties.

AUDIT COMMITTEE

The Company has established the Audit Committee on 24 June 2017 with its written terms of reference in compliance with code provisions D.3.3 and D.3.7 of the CG Code. The Audit Committee consists of three members, namely Mr. Liu Mingxiao, Mr. Lin Kin-Chin and Mr. Zhu Honghai, all being independent non-executive Directors. Mr. Liu Mingxiao currently serves as the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting matters. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he/she will cease to be a member of the Audit Committee automatically. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2024.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.28 of the GEM Listing Rules. In addition, the majority of the Audit Committee shall be INEDs.

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others, the following (for the complete terms of reference, please refer to the Group's website at www.sthl.com.hk or the website of the Stock Exchange):

1. to make recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor, and approve the remuneration and terms of engagement of the Company's external auditor;

2. to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

3. to develop and implement policy on engaging the Company's external auditor to supply non-audit services, if any;

4. to monitor integrity of the Company's financial statements, annual report and accounts, half-year report and quarterly report and review significant financial reporting judgments contained in them;

5. to discuss with the Company's external auditors questions and doubts arising in the audit of annual accounts;

6. to review the statement about the Company's internal control system as included in the Company's annual report prior to submission for the Board's approval;

7. to review the Company's financial reporting, financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's risk management and internal control systems;

8. to discuss the risk management and internal control systems with the Company's management to ensure that management has performed its duty to have effective systems;

9. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

10. to review the financial and accounting policies and practices of the Group;

11. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;

12. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

13. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board; and

14. to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Year and up to the date of this report.

The members of the Audit Committee should meet at least twice a year. During the Year, four Audit Committee meetings were held.

The attendance records of the members of the Audit Committee are summarised below:

Members of the Audit Committee	Number of attendance
Mr. Liu Mingxiao (Chairman)	2/2
Mr. Lin Kin-Chin	2/2
Mr. Zhu Honghai	2/2

The following is a summary of the works performed by the Audit Committee during the Year:

(a) reviewed the Group's consolidated financial result for the year ended 31 December 2023 and interim results for the six months ended 30 June 2024 before submission to the Board, with a focus on compliance with accounting standards, the GEM Listing Rules and other requirements in relation to financial reporting of the Audit Committee;

(b) discussed the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management; and

(c) reviewed the accounting principles and practices adopted by the Group and other financial reporting matters.

There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor. The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the Year.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Lin Kin-Chin (Chairman), Mr. Liu Mingxiao and Mr. Zhu Honghai, all being independent non-executive Directors of the Company.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include, among other things, the following (for the complete terms of references, please refer to the Group's website at www.sthl.com.hk or the website of the Stock Exchange):

1. to consult the chairman of the Board and/of chief executive about their remuneration proposals for other executive Directors;

2. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

5. to make recommendations to the Board on the remuneration of non-executive Directors;

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

9. to ensure that no Directors or any of his associates is involved in deciding his own remuneration.

The members of the Remuneration Committee should meet at least once a year. During the Year, one meeting of the Remuneration Committee was held and has, inter alia, (i) reviewed the proposed remuneration packages of the newly appointed Directors during the Year; and (ii) reviewed the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

The attendance records of the members of the Remuneration Committee are summarised below:

Members of the Remuneration Committee	**Number of attendance**
Mr. Lin Kin-Chin (Chairman)	1/1
Mr. Liu Mingxiao	1/1
Mr. Zhu Honghai	1/1

The emolument payable to the Directors depends on their respective contractual terms under the service contracts or the appointment letters (as the case may be), and as recommended by the Remuneration Committee. Details of the Directors' emoluments are set out in note 11 to the consolidated financial statements.

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to shareholders' approval.

NOMINATION COMMITTEE

The Nomination Committee comprises three members, namely Mr. Zhu Honghai (Chairman), Mr. Lin Kin-Chin and Mr. Liu Mingxiao, all being independent non-executive Directors of the Company.

With reference to the terms of reference of the Nomination Committee, the primary responsibilities of the Nomination Committee include, among other things, the following (for the complete terms of reference please refer to the Group's website at www.sthl.com.hk or the website of the Stock Exchange):

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;

2. to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

4. to assess the independence of INEDs; and

5. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive.

The members of the Nomination Committee should meet at least once a year. During the Year, one meeting of the Nomination Meeting was held. The Nomination Committee has, during the Year, conducted the following tasks:

(i) reviewed and considered the structure, size and composition of the Board;

(ii) assessed the independence of the INEDs;

(iii) reviewed and considered the diversity, skills, experience, qualifications and education background of the members of the Board; and

(iv) considered the Directors to retire and reappoint at the forthcoming annual general meeting of the Company (the "**2025 AGM**").

The attendance records of the members of the Nomination Committee are summarised below:

Members of the Nomination Committee	Number of attendance
Mr. Zhu Honghai (Chairman)	1/1
Mr. Lin Kin-Chin	1/1
Mr. Liu Mingxiao	1/1

Nomination policy

The Board has adopted a nomination policy, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

(i) the candidate's character and integrity;

(ii) the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy (as defined below) that are relevant to the Company's business and corporate strategy;

(iii) any measurable objectives adopted for achieving diversity on the Board;

(iv) for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;

(v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(vi) willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Company has put in place the following director nomination procedures:

Appointment of New and Replacement Directors

(i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

(ii) Upon compilation and interview of the list of potential candidates, the relevant Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

(i) Where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the GEM Listing Rules.

(ii) Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the GEM Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

TREASURY COMMITTEE

The Board has resolved to establish the treasury committee (the "**Treasury Committee**") on 28 November 2023.

The Treasury Committee comprises three members, namely Ms. Sha Xuanyi (Chairlady), Mr. Li Rongsheng and Mr. Liu Mingxiao. With reference to the terms of reference of the Treasury Committee, the primary duty of the Treasury Committee is to review, assess and oversee the treasury activities of the Company, which includes, among other things:

1. to review, evaluate and approve any investment worth not exceeding HK$30 million or reaching the level of "discloseable transaction" as defined under the GEM Listing Rules;

2. to review, evaluate and propose to the Board for approval any investment worth over HK$30 million or reaching the level of "discloseable transaction" as defined under the GEM Listing Rules;

3. an investment can fall into either of the following two categories:

    (i) investment in listed securities and bonds; and

    (ii) investment in crypto currencies.

4. to determine whether the proposed investment is in the interests of the Company and the shareholders of the Company as a whole; and

5. to carry out other duties as may be determined from time to time by the Board.

The members of the Treasury Committee should meet at least once a year. During the Year, one meeting of the Treasury Committee was held and no investment project had been identified.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") in compliance with F.1.1 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. Summary of the Dividend Policy is set out below:

(i) In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things of the Group:

    a. operating and financial results;

    b. cash flow situation;

    c. business conditions and strategies;

    d. future operations and earnings;

    e. taxation consideration;

    f. interim dividend paid, if any;

    g. capital requirement and expenditure plans;

    h. interests of shareholders;

    i. statutory and regulatory restrictions;

    j. any restrictions on payment of dividends; and

    k. any other factors that the Board may consider relevant.

(ii) The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

(iii) The Board endeavours to strike a balance between the shareholders' interests and prudent capital management with a sustainable Dividend Policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

The Company will review the Dividend Policy from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

AUDITORS' REMUNERATION

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the year ended 31 December 2024, the remuneration paid or payable to the external auditor of the Company in respect of the statutory audit services and non-audit services for the Group are as follows:

	Fees paid/payable for the services rendered	
	2024	2023
	HK$'000	HK$'000
Statutory audit services	**650**	630
Non-audit services	**nil**	nil

During the Year, the auditor did not perform any non-audit services to the Group.

COMPANY SECRETARY

Ms. Chan Mei Wah was appointed as the company secretary of the Company on 26 September 2023. Ms. Chan has extensive experience in auditing and accounting. Ms. Chan graduated from the City University of Hong Kong with a bachelor's degree of Arts in Accountancy. Ms. Chan is currently a director of SAA CPA Limited, a CPA firm in Hong Kong. She is a member of The Hong Kong Institute of Certified Public Accountants.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman of the Board and are responsible for ensuring that board procedures are followed, and for facilitating communications among Directors as well as with shareholders of the Company and management. During the year ended 31 December 2024, the company secretary has taken no less than 15 hours of relevant professional training according to Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Gabi Lam, an executive Director, was the compliance officer of the Group until 25 March 2024 when the position of compliance office was cancelled after the amendments to the GEM Listing Rules becoming effective from 1 January 2024, as the GEM Listing Rules no longer require the Company to appoint a compliance officer. Please refer to the section "Biographical details of Directors and Senior Management" for his biographical information.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholder investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted an annual review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions for the Year. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

The Group recognises that good risk management is essential for the long-term development on the Group's business. Management is responsible for establishing, implementing, reviewing and evaluating the sound and effective internal control system underpinning the risk management framework. The management has formulated the risk management and control framework. All employees are committed to implement the risk management framework into the daily operation. The Board, together with the Audit Committee, would conduct annual review on the internal control and risk management system of the Group on an annual basis. Upon conducting the annual review on the internal control and risk management systems of the Group, the Audit Committee and the Board were satisfied with the effectiveness and efficiency of the risk management and internal control systems of the Group.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the professional advices and opinions from the external professional company by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required under the GEM Listing Rules.

The Directors are of the view that the consolidated financial statements of the Group for the year has been prepared on this basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Statement of the Company's external auditors' responsibilities in respect of the consolidated financial statements is set out in the Independent Auditors' Report of this annual report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting ("**AGM**") is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc.

At the AGM, the shareholders will be given the opportunity to raise questions to the Directors (including the INEDs). The external auditor of the Company is also invited to be present at the AGM to address the queries of the shareholders concerning the audit procedures and the auditor's report.

The 2025 AGM will be held on Wednesday, 25 June 2025, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

SHAREHOLDERS' RIGHTS

Procedures for convening an extraordinary general meeting upon shareholders' requisition

The shareholders shall be entitled to convene an extraordinary general meeting (the "**EGM**") on requisition by shareholders pursuant to Article 64 of the Articles that the Board may, whenever it thinks fit, convene an EGM on the requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a meeting in accordance with the Articles 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.

Procedures for Shareholders' Nomination of Directors

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director (signed by a member duly qualified to attend and vote at the meeting), notice in writing by that person of his willingness to be elected and the biographical details of that person as required under Rule 17.50(2) of the GEM Listing Rules for publication by the Company shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period during which such notices to the Company may be given shall be at least 7 days and that (if such notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of the notices required under this Article will commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

Should there be any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Room 2502, 25th Floor, South Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.sthl.com.hk and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy, details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.sthl.com.hk) and by post to the Shareholders.

- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.sthl.com.hk) subsequent to the close of the general meetings.

Corporate Communications

- The Company will send (by electronic means as permitted by the Articles or the GEM Listing Rules) corporate communications of the Company, which include annual reports, interim reports, notices of shareholders' meeting, listing documents, circulars, and proxy forms, to the Shareholders.

- Shareholders are encouraged to provide their up-to-date contact details (including electronic contact details) to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Company's Website

- The Company's website (www.sthl.com.hk) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.

- Information on the Company's website is updated on a regular basis.

CORPORATE GOVERNANCE REPORT

Arrangements for dissemination of Corporate Communications

Pursuant to the amended Rule 16.04A of the GEM Listing Rules and the Articles effective from 31 December 2024, the Company has adopted the following policy for dissemination of the future corporate communications of the Company (the "**Corporate Communications**") to the Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request.

In this connection, the following arrangements on dissemination of Corporate Communications has come into effect:

1. **Actionable Corporate Communications**

   The Company will send the Actionable Corporate Communications (as defined under the GEM Listing Rules) to its Shareholders individually in electronic form by email. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the Actionable Corporate Communication in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

2. **Corporate Communications**

   The Company will make the Corporate Communications available on its website (www.sthl.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

   The Company will not send a notice of publication of the website version of Corporate Communications to its Shareholders. The Shareholders are encouraged to proactively monitor the availability of all future Corporate Communications on the websites and access the Website Version of Corporate Communications by themselves.

For those Shareholders who wish to receive a printed version of all future Corporate Communications and Actionable Corporate Communications or, if for any reason, have difficulty in gaining access to the Company's website, the Company will, upon receipt of request in writing by the Shareholder to the Company's branch share registrar in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to 8471-ecom@vistra.com, send future Corporate Communications and/or the relevant Corporate Communications (as the case may be) to such Shareholders in printed form free of charge.

Please note that the preference in receiving Corporate Communications in printed form of a Shareholder will be valid until expired on the last day of each financial year of the Company or unless being revoked or superseded (whichever is earlier). Further request in writing will be required if a Shareholder prefers to continue receiving printed copy of future Corporate Communications and Actionable Corporate Communications after the end of the financial year.

Communication with the Company

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Room 2502, 25th Floor, South Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong, or by the following means:

Telephone number: (852) 3525 1275
Email address: info@sthl.com.hk

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above shareholders' communication means and measures adopted by the Company, the Board is of the view that the shareholders' communication policy implemented during the Year was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

During the Year, no amendments were made to the memorandum and the Articles of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On behalf of the board (the "**Board**") of directors (the "**Directors**"), Reach New Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to present our Environmental, Social and Governance ("**ESG**") Report ("**ESG Report**") for the financial year ended 31 December 2024. This report summarises the Group's initiatives, strategies and performance in fulfilling its ESG responsibilities on sustainable development and its responses to stakeholders' concerns of material issues.

The reporting scope covers the core business activities of the Group, which are principally engaged in production and supply of garment accessories for the year ended 31 December 2024. The Board has reviewed this report and is responsible for the authenticity and validity of the disclosed information.

The ESG Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") under Appendix C2 of the GEM Listing Rules. All material ESG issues identified have been discussed in this ESG Report pursuant to the Mandatory Disclosure Requirements and "Comply or explain" Provisions, including the general disclosures and key performance indicators ("**KPIs**"). The Board considers that the Group has complied with the requirements and provisions set out in the ESG Reporting Guide.

REPORTING PRINCIPLES

The following principles are applied in the preparation of this ESG Report:

Materiality

We identify material ESG factors by evaluating and reviewing the ESG impacts generated by the Group, the latest ESG trends, and the ESG concerns and demands of the stakeholders.

Quantitative

We provide information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used, for the reporting of emissions/energy consumption in the respective sections in this ESG report, where applicable.

Balance

We avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency

We apply consistent methodologies to allow for meaningful comparison of ESG data over time.

GOVERNANCE STRUCTURE

Board Statement

The Board oversees the ESG issues by placing a high priority on sustainable development and integrating ESG concepts into corporate culture and daily operations where practicable, and considering the trends, risks and opportunities that influence the Group's long-term development. The Board evaluates, prioritises and manages material ESG related risks and issues with significant impacts to the Company by setting up ESG management approach and strategy on design and implementation, resources planning and monitoring of risk management and internal control, whilst balancing the cost of such integration. The progress made against ESG related goals and targets are reviewed by the Board annually and the ESG plan is revised in accordance with the latest ESG Reporting Guide and the industry trends and developments.

STAKEHOLDERS ENGAGEMENT

In order to define what are relevant and material to our business in relation to sustainability, the Group has to understand what issues our stakeholders are most concerned with. We define our stakeholders as people who affect our business and people who are affected by our business. Our stakeholders include the shareholders, Government/regulatory authorities, employees, suppliers, customers and the community. In our daily business, we actively exchange information with our stakeholders through a transparent platform while we are devoted to continuous improvement of our communication system. We are committed to maintain long-term partnership with our stakeholders and are actively engaged in addressing their concerns with follow-up actions.

If you, as one of our stakeholders, have any questions about the content of the ESG Report or comments on the Group's sustainability issues, please contact us via info@sthl.com.hk.

OUR GOAL AND PROGRESS REVIEW

The Group is committed to undertake ESG responsibilities and improve our ESG performance by improving the business operation management, revisiting the implementation of environmentally friendly measures and upholding good corporate governance standards in harmony with economic development. The Group also takes stakeholders' expectations into considerations in formulating the overall ESG strategies and approaches. Environmental and social goals of the Group and progress review of our goals are shown as follows:

Environment

Corporate Environmental Policy

Being the foundation of a sustainable economy, a sustainable environment is crucial to the well-being of human beings. During the years ended 31 December 2024 and 2023, the Group complied with the relevant laws and regulations governing air and greenhouse gas emission, discharges into water and land, and generation of hazardous and non-hazardous waste, pursuant to our environmental vision, which include the Environmental Protection Law of the People's Republic of China ("**PRC**") and Atmospheric Pollution Prevention and Control Law of the PRC.

We have received FSC certification for our products which meet the requirements of chain-of custody by purchasing FSC certified mixed and recycled paper, production and sales of FSC certified mixed and recycled printed paper products. We have also achieved Oeko-Tex standard 100 Confidence in Textiles which certified that our woven labels made of white & dyed polyester yarn (with disperse dyestuffs) and woven badges made of white and dyed polyester yarn (with disperse dyestuffs) and polyester interlining in black and white meet the human ecological requirements of the Oeko-Tex Standard 100.

A1 Emissions

The Group has established relevant emissions reduction and energy saving initiatives to minimise the emissions and maintain green operations.

For the years ended 31 December 2024 and 2023, greenhouse gas emissions of the Group are mainly generated from purchased electricity (scope 2). There is no direct emission detected from owned or controlled sources (scope 1). Our goal is to promote a culture of energy saving and to gradually reduce greenhouse gas emissions. We set up emission and energy use efficiency targets based on previous year's actual emissions and monitor the electricity consumption level by monthly electricity bills and actual production level. The Group endeavours to improve energy efficiency and reduce energy consumption by adopting energy saving initiatives in the section headed "A2 Use of Resources" of this ESG Report.

The air emissions are mainly generated from the printing processes. We equip with machinery in production process in compliance with the air pollutant emission standards. External expertise is engaged to test and monitor the air emission level annually against the PRC air pollutant emission standards.

A summary of relevant KPIs of the Group for the years ended 2024 and 2023 is shown as follows:

Emissions	**Unit**	**2024**	2023
Scope 2 Greenhouse Gas Emissions — CO_2e	tonne	**1,739**	1,516
Scope 2 Greenhouse Gas Emissions — CO_2e Intensity	tonne/100,000 production unit	**0.43**	0.44
Nitrogen Oxide	kg	**Note**	Note
Sulfur Dioxide	kg	**Note**	Note
Particulate Matter	kg	**86.0**	117.5

Note: The test results of emission intensity (mg/m^3) is lower than the detection limit of test method.

The Group has not identified any hazardous waste that was produced by our core business activities.

The non-hazardous wastes generated by the Group were mainly papers and solid wastes generated in our offices and other places of operations, which were insignificant and had little impact on the environment. 469 tonnes (2023: 552 tonnes) of paper was used for the year ended 31 December 2024.

The Group is committed to conserve precious resources and reduce the usage and disposal of non-hazardous waste throughout our operations. We set up reduction targets based on previous year's actual tonnes of papers used and monitor the consumption by quarter. We encourage paperless solution for documents storage, materials sharing or internal administrative documents. When using paper, employees are encouraged to use double-sided paper, black and white or recycled papers when printing or photocopying documents. It considerably improves the operational efficiency while helping to create a paperless operation system. Most of the used paper are recycled and such materials are collected by waste collectors.

A2 Use of Resources

Electricity consumption from our production processes is the major source of our greenhouse gas emission. The Group adopts a number of energy saving initiatives and efficiency practices to enhance our employee's awareness on reduction of greenhouse gas emission and energy saving and promote green workplace, including:

- Deploying electrical machinery improvement and power-saving settings during the inactivity periods;
- Encouraging digital printing to reduce the utilisation of electricity, screen films and other resources;
- Encouraging the employees to turn off IT devices when not in use;
- Setting machines such as copiers and TV monitors to turn off automatically after business hours;
- Making the best use of natural lighting by positioning workstations near the windows with sufficient protection measures;
- Maintaining an indoor temperature at an optimal level for comfort; and
- Putting up signage emphasizing the importance of energy saving.

The Group's existing core business activities are not expected to pose a significant use of packaging materials and hence has no material impact on the environment. We source water that is fit for purpose and set up water efficiency targets based on previous year's actual consumption with quarter monitoring. The Group promotes water conservation to its employees and conducts water saving measures to meet water efficiency, including regular maintenance of water supply and water use equipment to reduce water leakage or waste.

A summary of relevant KPIs of the Group for the years ended 31 December 2024 and 2023 is shown as follows:

Use of resources	Unit	2024	2023
Electricity Consumption	kWh'000	**2,163**	1,811
Electricity Consumption Intensity	kWh/100 production unit	**0.53**	0.53
Water Consumption	tonne	**13,280**	13,480
Water Consumption Intensity	tonne/100,000 production unit	**3.27**	3.94

A3 The Environment and Natural Resources

The Group does not have any direct or significant impact on the environment and natural resources in the course of our business operations. We monitor possible environmental impacts of our business operations regularly to generate sustainable values to our stakeholders.

A4 Climate Change

We understand that climate change may lead to extreme weather events which will ultimately affect the sustainable development and costs of our business operations.

We carry out risk analysis to determine the negative impacts of climate change on our operations, and the likelihood that such impacts would occur. Our responses in managing physical risks on extreme weather, such as heavy rains and floods, and typhoons are shown below:

- Monitoring and strengthening environmental risk prevention policies and measures;
- Implementing natural disasters emergency plan;
- Conducting flexible working arrangement; and
- Maintaining stable temperature control in workplaces.

Social

Employment and Labour Practices

Human capital has always been considered by the Group as one of the most important assets for our long-term operations and business developments, thus the Group is committed to upholding a fair and transparent human resource policy.

B1 Employment

Equality and diversity are highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination. According to our employee inclusion policy, we select candidates based on the consideration of their skills, experiences and qualifications and offer equal opportunities based on gender, age, marital status, physical disability, religion and nationality.

We offer competitive wages, retirement benefit, medical insurance, disability and invalidity coverage, maternity leave and other paid leave entitlements and compensation to our employees. The salary and benefit levels and promotion of the employees are reviewed and adjusted annually based on the results of performance evaluation.

During the years ended 31 December 2024 and 2023, the Group complied with the relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in all material respects. Relevant laws and regulations include Employment Ordinance, Employees' Compensation Ordinance, Minimum Wage Ordinance and Mandatory Provident Fund Schemes Ordinance in Hong Kong and Labour Law of the PRC and Social Insurance Law of the PRC.

A summary of total workforce and employee turnover of the Group for the years ended 31 December 2024 and 2023 is shown as follows:

Total workforce	**2024**	2023
Total number of employees	**219**	235
By gender		
Female	**117**	130
Male	**102**	105
By age		
18 or below	**–**	–
19 to 40	**87**	89
41 to 60	**125**	138
Over 60	**7**	8
By employment type		
Full-time	**219**	235
Part-time	**–**	–
By employee category		
Ordinary level	**181**	194
Senior level	**38**	41
By geographical region		
Hong Kong	**11**	11
PRC	**219**	224

Employee turnover rate (%)	2024	2023
Employee turnover	**7.3%**	6.4%
By gender		
Female	**11.1%**	6.9%
Male	**2.9%**	5.7%
By age		
18 or below	**–**	–
19 to 40	**2.3%**	5.6%
41 to 60	**10.4%**	5.8%
Over 60	**14.3%**	25.0%
By geographical region		
Hong Kong	**–**	45.5%
PRC	**7.7%**	4.5%

B2 Health and Safety

As a production-driven enterprise, we are committed to providing our employees with healthy and safe workplaces in the course of our business operations and strongly uphold the industry standards. During the years ended 31 December 2024 and 2023, the Group complied with all applicable laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards, including the Production Safety Law of the PRC. We purchase medical insurance and compensation insurance to protect the interests of employees and offer employees with personal protective equipment based on their job duties. For example, the staff at production line are provided with dust-proof masks and earplugs. Also, the Group organises regular safety education programs for our employees to raise their safety awareness over the course of production activities. In addition, we organise fire drills and fire safety training every year to enhance the fire safety awareness of our employees.

The Group cares about the health of our employees and provides our employees with a full-range health service platform. The Group maintains precautions against the spread of various communicable diseases and implement several measures in workplaces:

- All public area would be performed disinfection on timely basis;
- Provide sufficient amount of masks and disinfection supplies in all workplaces; and
- Request supervisors or department head to monitor the health status of its team members on timely basis.

A summary on the relevant health and safety related KPIs of the Group of the past three years is shown as follows:

Health and safety	2024	2023	2022
Number of work-related fatalities	**0**	0	0
Rate of work-related fatalities	**0%**	0%	0%
Lost days due to work injury	**0**	0	0

B3 Development and Training

The Group believes that the competencies and skills of our staff play an important role in maintaining our operation efficiency and long-term mutual success of employees and the Group. We encourage and support our staff in continuous professional training and development programs.

During the years ended 31 December 2024 and 2023, we organised internal training for our staff in different departments and management levels covering customer management, supplier management, communication skill and thematic courses such as anti-corruption and internal control to improve their knowledge and skills for discharging duties at work. New joiners will be provided proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly.

A summary of development and training provided by the Group during for the years ended 31 December 2024 and 2023 is shown as follows.

Employee training	Unit	2024	2023
Average training hours completed per employee	hour	**2.5**	2.5
By gender			
Female	hour	**2.5**	2.5
Male	hour	**2.5**	2.5
By category			
Ordinary level	hour	**1.3**	1.4
Senior level	hour	**8.2**	8.0
Percentage of employees trained			
By gender			
Female	%	**80.3**	79.2
Male	%	**80.4**	79.0
By category			
Ordinary level	%	**76.2**	74.7
Senior level	%	**100.0**	100.0

B4 Labour Standards

Our Group prohibits the employment of any child or forced labour in any of our operations and services. To prevent child and forced labour, human resource department is required to check the proof of age for all applicants before confirming their employment and monitor the practical situation. We will conduct remediation actions immediately if any child or forced labour is identified.

The Group does not aware of any non-compliance with relevant laws and regulations related to recruitment of child labour or forced labour during the years ended 31 December 2024 and 2023.

Operating Practices

B5 Supply Chain Management

As at 31 December 2024 and 2023, the Group has over 277 and 274 suppliers which are all located in the PRC.

Over the course of selecting and engaging potential suppliers, our procurement department is required to analyse the background and competitiveness of potential suppliers. The identified suppliers will be further approved by the production and other related departments of the production plant. Afterwards, they become the members listed on the qualified supplier list of the Group.

The Group identifies the environmental and social risk along the supply chain by conducting ESG risk assessment. Throughout the whole supply chain processes, the Group identifies key risk areas in material procurement, supplier quality control and appraisal and communication transparency.

To promote environmentally preferable products and services when selecting suppliers, we consider whether suppliers are using environmentally friendly resources in provision of products and services, their corporate effort in pollution or emission control and their compliance with local environmental and social law and regulations. We also consider the suppliers' qualification certificates such as FSC certificate and Oeko-Tex certificate and give priority to suppliers which promote sustainability in their operations. We regularly monitor the suppliers and we will terminate the cooperation with suppliers if their environmental and social standards are not in line with the Group's policies.

B6 Product Responsibility

Our Group values the safety and quality of our products. We monitor the quality of products regularly, in strict compliance with relevant laws and regulations and national standards relating to health and safety, labelling and privacy matters relating to products and services provided. All places of operations in the Group have satisfactory hygienic condition, quality control policies and subject to regular inspection procedures. No product sold was recalled because of safety and health reasons and no products related complaint was received in 2024 and 2023.

We maintain quality management and assurance system on products and services provision in consideration of customers' expectations. No recall procedure is required throughout the Group's operations. We manage customers comments or complaints through formal and official communication channels. We will conduct investigations and prepare reports based on the responses and take corrective measures when necessary.

*Intellectual Property Rights (“**IP rights**”)*

As at 31 December 2024, the Group manages five (2023: five) trademarks which are material to the Group’s businesses in compliance with the Trademark Law of the PRC.

In order to ensure that the customer’s IP rights are properly protected during the outsourcing processes to subcontractors, a confidentiality agreement regarding the IP rights must be signed before the business engagement. Internally, we enter into standard employment contracts with our employees which contain provisions on IP rights and confidentiality clause. Each employee of the Group has signed a written confirmation to (i) confirm that all IP rights created or made during their employment with the Group shall belong to us; and (ii) agree not to use or disclose the confidential information relating to the product designs without the authorisation of the Group.

The Group may be subject to risks in relation to the IP rights of the garment brand companies and the Group may be exposed to potential claims in respect of the infringement of third party IP rights. Therefore, to ensure that the trademarks or the designs and specifications provided by our customers do not infringe any third party IP rights during the course of businesses, we implement the following internal control measures:

- Obtain the relevant certificates, licences or authorisations to check if our customers have the right to authorise us to manufacture products with the relevant trademarks, designs or specifications;

- Request our sales and marketing department to check the trademarks, designs or specifications through online databases maintained by IP rights registries in various countries to ascertain the name of the owners of the IP rights and consult external legal counsel, if necessary; and

- Incorporate terms in agreements with our customers and require them to, among others, (a) undertake that it is the registered owner/authorised licensee of the registered owner of the trademarks, designs or specifications; (b) hold us harmless from and against any and all third party claims and any associated cost, including legal costs, arising from the use of the products sold by our customers.

The Group emphasises data protection and privacy. We complied with the Personal Data (Privacy) Ordinance and other statutory requirements to achieve a high standard of security and confidentiality of personal data protection for the years ended 31 December 2024 and 2023. We maintain appropriate collection, storage, and processing practices of data and implement strong security measures to protect against unauthorised access to personal information. We set guidelines to collect personal data that are relevant and required for our businesses and strictly prohibit the disclosure of personal data to any entity that is not a member of our Group without consent unless it is required by law.

B7 Anti-Corruption

The Group is committed to upholding a high standard of business ethics to prohibit bribery and corrupt practices. The Group has developed a series of company policies on anti-fraud, anti-bribery, anti-extortion and anti-money laundering with reference to Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong and Company Law of the PRC and Anti-unfair Competition Law of PRC. These policies apply to all members of the Group, and we encourage all of our business partners to abide by the mentioned principles. The Group conducts periodic and systematic fraud risk assessments and effectively communicate its anti-fraud policies and procedures to all levels of employees. The Group continues to monitor the control effectiveness in mitigating fraud risk and remedy any identified deficiency in a timely manner when necessary.

We encourage and provide directors and senior management with professional training sessions and seminars covering corporate governance, business development and strategy and anti-corruption to enrich and strengthen their professional and business knowledge. New joiners are provided with anti-corruption training during the orientation process.

During the years ended 31 December 2024 and 2023, we complied with the relevant laws and regulations in all material aspects. No legal cases regarding corrupt practices were brought against the Group or any of our employees in 2024 and 2023.

Whistle-Blowing Policy

In order to encourage our employees to report any suspected illegality, irregularity, malpractice, unethical acts or behaviours, inappropriate conducts or actions that is not in line with the principles of ethics and the Group's policies, the Group maintains whistle-blowing mechanism via a private and confidential reporting channel. It applies to all levels of the members of the Group, which have been documented in the employee handbook and circulated among employees for their reference.

The Group is committed to handle the reports with due care and conducts a detailed investigation seriously for each reasonably established case. The Group is fully aware that we are obligated to refer the matter to the legal enforcement parties or regulators if considered necessary.

We strictly protect the identities of whistleblowers and combat retaliation against whistleblowers, and refer those who constitute crimes to the judicial authorities in accordance with the laws.

Community

B8 Community Investment

The Group understands the importance for making positive contribution to the community where it operates and considers community benefits as one of its social responsibilities.

We encourage our employees to actively participate in public events in relation to community investments, sponsorships and charitable contributions. We donated RMB211,000 and RMB139,000 to charities in 2024 and 2023 respectively and annually evaluate and review the vision and operation of approved charities.

We also value our employees' needs and offer specific assistances to employees who suffer severe health issues or experience family-related misfortunes.

The Group will continue to review the objectives and direction of community investment annually.

ESG REPORTING GUIDE BY HKEX

Mandatory Disclosure Requirements

	Relevant Page in the ESG report
Governance Structure	**40**

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); and

(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.

Reporting Principles	**40**

A description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistently) in the preparation of the ESG report.

Reporting Boundary	**40**

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.

"Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Page in the ESG Report
A. Environmental		
Aspect A1: Emissions		**41–42**
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.	
KPI A1.1	The types of emissions and respective emissions data.	
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).	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	
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.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Page in the ESG Report
Aspect A2: Use of Resources		**42–43**
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	
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).	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
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.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
Aspect A3: The Environment and Natural Resources		**43**
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	
Aspect A4: Climate Change		**43**
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
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.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Page in the ESG Report
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		**43–45**
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.	
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety		**45–46**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Page in the ESG Report
Aspect B3: Development and Training		**46**
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		**47**
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.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		**47**
General Disclosure	Policies on managing environmental and social risks of the supply chain.	
KPI B5.1	Number of suppliers by geographical region.	
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.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Page in the ESG Report
Aspect B6: Product Responsibility		**47–48**
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.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B6.4	Description of quality assurance process and recall procedures.	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	
Aspect B7: Anti-corruption		**49**
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.	
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.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Page in the ESG Report
Community		
Aspect B8: Community Investment		**49**
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements for the financial year ended 31 December 2024 as follows:

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there had been no changes in the memorandum of association and Articles of the Company.

CORPORATE REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 January 2016.

In preparing for the listing of the shares on GEM on the Listing Date, the Group underwent the Corporate Reorganisation and the Company became the holding company of the companies comprising the Group upon the completion of the Corporate Reorganisation on 30 November 2016.

Details of the Corporate Reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus. The Shares of the Company have been listed on GEM since 21 July 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is an established labelling solution provider and a one-stop garment accessories manufacturer and supplier based in the PRC. We mainly engage in the production of three types of products, which are (i) printed products (e.g. hangtags, price tags and stickers), (ii) woven labels (e.g. woven brand labels, woven size labels and badges) and (iii) printed labels (e.g. printed brand labels, printed size labels and care content labels). We also source and sell other garment accessories, such as tapes, hanging tablets, string locks, leather badge, buttons and metal products, to the customers of the Group in the PRC. The customers of the Group mainly include (i) garment brand companies, (ii) sourcing companies designated by the garment brand companies and (iii) garment manufacturers in the PRC. In order to diversify the business and income stream, the Group has expanded its business operations into production and trading of functional garment in the PRC. The functional garment to be introduced and manufactured by the Group will incorporate mugwort as a key component in the fabric's raw materials. Mugwort is known for its exceptional characteristics, including comfort, high breathability, cooling properties, and its potential to promote health and well-being. The Group also targeted to develop online sales channels of functional garment manufactured by the Group. In addition, the Group entered into an equity transfer agreement to acquire 90% equity interest in GuanChengTong, which is an information technology company focusing on blockchain technology, application security, big data security, cloud security, Internet-of-Things (IoT) security, industrial control security and industrial internet security. The acquisition is expected to diversify the scope of business and will broaden the income stream of the Group in the future. The Group is also exploring other business opportunities for maximising the return to Shareholders in the long run.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), including a discussion of the principal risks and uncertainties facing the Group, key performance indicators, environmental policies of the Group, compliance with laws and regulations by the Group, its relationship with customers, suppliers, subcontractors and employees and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 5 to 16 of this annual report. This discussion forms part of this directors' report.

REPORT OF THE DIRECTORS

SEGMENT INFORMATION

An analysis of the Group's performance for the Year by operating segment is set out in note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 73 of this annual report.

The Board did not recommend payment of a final dividend for the year ended 31 December 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 74 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company has no reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 24 June 2017 (the "**Scheme**" or "**Share Option Scheme**"). The terms of the Scheme are in accordance with the provision of Chapter 23 of the GEM Listing Rules. On 26 March 2024, the Company granted 80,000,000 share options ("**Share Options**") to individuals under the Share Option Scheme. For further information in relation to the grant of the Share Options under the Share Option Scheme during the Year, please refer to the paragraph headed "Share Option Scheme" in the Management Discussion and Analysis section in this annual report.

In line with the amended Chapter 23 of the GEM Listing Rules, which was effective from 1 January 2023, the following is a summary of the principal terms of the Scheme but it does not form part of, nor was it intended to be part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity which is an associated company of any member of the Group (the "**Invested Entity**"). As at the Latest Practicable Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

(b) The Participants of the Scheme

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any employee (whether full time or part time, including the directors (including any non-executive Director and independent non-executive Director)) of our Company, any of our subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an "**eligible employee**");

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more eligible participants.

For the avoidance of doubt, the grant of any option by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

(c) Maximum number of Shares

(i) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, being 80,000,000 Shares (the "**General Scheme Limit**"). As at the beginning and at the end of the year, there were 80,000,000 share options and 0 share options available for grant under the Share Option Scheme, respectively, representing approximately 9.4% and 0% of the issued share capital of the Company, respectively There was no service provider sublimit set under the Share Option Scheme during the year ended 31 December 2023. There were no outstanding share option granted at the beginning of the Year and there were 80,000,000 share options outstanding as at the end of the Year, under which a total of 80,000,000 shares, representing approximately 7.84% of the number of issued shares, may be issued upon the exercise of the share options.

(ii) Without prejudice to (iii) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit every three years, provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group shall not exceed 10% of the Shares in issue as at the date of the approval of the limit and for the purpose of calculating the limit, options (including options outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.

(iii) Without prejudice to (ii) above, our Company may seek separate shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit, or if applicable, the extended limit referred to in (ii) above to eligible participants specifically identified by our Company before such approval is sought.

(d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and the options granted under any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such grantees and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(e) Time of acceptance and exercise of an option

An offer under the Share Option Scheme may remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on GEM or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(f) Subscription price for Shares

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph(s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share.

(g) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted (i.e. 21 July 2027).

DISCLOSURES OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were required 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 any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the company

Name of Director	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Ms. Sha Xuanyi	Beneficial owner	132,400,000 (Long position)	12.98%
Mr. Li Rongsheng	Beneficial owner	90,000,000 (Long position)	8.82%

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures 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 under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

So far as the Directors are aware, as at 31 December 2024, there was no person (other than the Directors and chief executive of the Company) who had or deemed or taken to have an interest or short position in the Shares or underlying Shares which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

MAJOR CUSTOMERS

During the Year, the Group's five largest customers accounted for approximately 51.7% (2023: 46.5%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 24.7% (2023: 29.8%) of the total revenue.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers.

MAJOR SUPPLIERS AND SUBCONTRACTORS

During the Year, the Group's five largest suppliers (including the subcontractors) accounted for approximately 27.3% (2023: 41.3%) of the total purchases of the Group and the largest supplier of the Group accounted for approximately 11.8% (2023: 16.5%) of the total purchases.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest suppliers.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Ms. Sha Xuanyi (appointed as chairlady on 23 February 2024)
Mr. Lam Kai Yuen
Mr. Li Rongsheng
Mr. Lam Kai Cheong

Independent non-executive Directors

Mr. Lin Kin-Chin
Mr. Liu Mingxiao
Mr. Zhu Honghai

Information regarding directors' emoluments is set out in note 11 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs. The Nomination Committee was satisfied that each of the INEDs was independent within the meaning of Rule 5.09 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages from 17 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years and renewable automatically for successive terms of one year until terminated by the Director or the Company in accordance with the terms of the agreement. Each independent non-executive Directors was appointed under a letter of appointment for a fixed term of one year and renewable automatically for successive term of one year unless terminated by either party in accordance with the terms thereof.

None of the Directors had a service contracts with the Company or any of its subsidiaries during the Year which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

DIRECTORS' RETIREMENT AND RE-ELECTION

Pursuant to Article 108 of the Articles, 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 at each annual general meeting of the Company, provided that every Director shall be subject to retirement by rotation 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 Directors to retire by rotation every year shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 112 shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Articles 108 and 112 of the Articles, Mr. Lam Kai Cheong, Mr. Zhu Honghai and Mr. Liu Mingxiao will retire at the forthcoming AGM and, being eligible, offer himself for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Prospectus and elsewhere in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the Year.

REPORT OF THE DIRECTORS

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 11 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Scheme.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF 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. The Company did not hold or sell any treasury shares during the Year.

PERMITTED INDEMNITY PROVISIONS

At no time during the Year was there any permitted indemnity provisions (whether made by the Company or otherwise) being in force for the benefit of any Directors of the Company, or of its associated company.

RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Group with 史威特服飾(惠州)有限公司 Sweater Garment (Huizhou) Company Limited* ("**Sweater Garment (Huizhou)**") and Good Wealthy Properties Limited ("**Good Wealthy**") during the Year as set out in note 27 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions which require reporting, announcement or independent shareholders' approval, since such transactions are fully exempt from reporting, announcement requirements and the independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

The related party transactions in relation to the key management personnel remuneration as disclosed in note 27 to the audited consolidated financial statements are connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the GEM Listing Rules.

Save as disclosed above, the Directors consider that those related party transactions disclosed in note 27 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

CONNECTED TRANSACTIONS

During the Year, the Group did not enter into any connected transactions or continuing connected transactions which are not fully exempted from reporting, announcement and independent shareholders' approval requirements.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

AUDITOR

The consolidated financial statements for the Year have been audited by McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"). McMillan Woods shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of McMillan Woods as auditor of the Company will be proposed at the 2025 AGM. The Company has not changed its external auditor during the year ended 31 December 2024 and up to the date of this report.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the audit committee of the Board. The audit committee is of the opinion that the audited consolidated financial statements of the Group for the year ended 31 December 2024 comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" on pages 20 to 39 of this report.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

* *For identification purpose only*

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to RMB211,000 (2023: RMB139,000).

EVENTS AFTER THE REPORTING PERIOD

On 23 December 2024, the Group entered into an agreement to acquire a 90% equity interest in GuanChengTong, an information technology company focusing on blockchain technology and IT security services, at the consideration of RMB 90,000. The transaction was completed on 15 January 2025. Details of the acquisition are set out in the Company's announcement dated 23 December 2024. Save as disclosed, there was no other significant subsequent events happened to the Group after 31 December 2024 and up to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain entitlements to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025, both days inclusive, during which period no transfer of the shares of the Company will be registered. Shareholder of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 19 June 2025.

On behalf of the Board
Reach New Holdings Limited
Sha Xuanyi
Chairlady and Executive Director

Hong Kong, 25 March 2025

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

長青

TO THE SHAREHOLDERS OF REACH NEW HOLDINGS LIMITED
新達控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Reach New Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "the **Group**") set out on pages 73 to 120, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is allowance for credit losses and impairment assessment of non-financial assets.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Allowance for credit losses	
Refer to the summary of material accounting policy information in note 4(q), critical judgements and key estimates in note 5(b) and the relevant disclosures in note 18 to the consolidated financial statements	
We identified the allowance for credit losses as a key audit matter due to the significance of the amount of trade receivables to the consolidated financial statements and the significant judgement and estimates involved by management in determining the allowance for credit losses. As disclosed in notes 4(p) and 18 to the consolidated financial statements, in determining the allowance for credit losses, the Group takes into consideration the historical default rates and changes in forward-looking information. As at 31 December 2024, the carrying amount of the Group's trade receivables is approximately RMB17,705,000 (net of allowance for credit losses of approximately RMB1,608,000).	In connection with the assessment of appropriateness of the allowance for credit losses, we have performed the following procedures: (1) Obtaining an understanding of management's process of assessing the allowance for credit losses of trade receivables including the use of provision matrix; (2) Evaluating the appropriateness of groupings of trade receivables having similar loss patterns; (3) Evaluating the reasonableness of management's determination of the provision rates based on default records; (4) Assessing the reasonableness of the historical default rates and taking into consideration of the forward-looking information; and (5) Testing the accuracy of management's calculation of the allowance for credit losses for trade receivables.
Impairment assessment of non-financial assets	
Refer to the summary of material accounting policy information in note 4(o), critical judgements and key estimates in note 5(a) and the relevant disclosures in notes 14, 15 and 16 to the consolidated financial statements	
As of 31 December 2024, the carrying amounts of property, plant and equipment, intangible assets, and right-of-use assets attributable to the cash-generating units of the Group were approximately RMB932,000, RMB Nil and RMB1,350,000 respectively, after taking into account the accumulated impairment losses of approximately RMB8,522,000, RMB696,000, and RMB719,000 respectively. The Group's property, plant and equipment, intangible assets and right-of-use assets were identified for impairment assessment by estimating the recoverable amounts using the higher of value-in-use calculation and fair value less costs of disposal.	In connection with the impairment assessment on non-financial assets, we have performed the following procedures: (1) Understanding, evaluating and validating the Group's internal controls over the impairment assessment of non-financial assets; (2) Understanding and evaluating the management's processes in identifying impairment indicators;

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Management performed impairment assessment on the recoverable amounts using the value-in-use method which is higher than the fair value less costs of disposal. Key assumptions adopted in the discounted cash flows included the estimates of the growth rates of business volume, gross margin and the pre-tax discount rate. We identified the impairment of non-financial assets as a key audit matter due to the significance of the amount of impairment to the consolidated financial statements and the significant judgement and estimates involved by management in determining the impairment of non-financial assets.	(3) For those non-financial assets with impairment indicators, examining the management's discounted cash flow model as follows: • Engaging experts to evaluate the reasonableness of the methodology and pre-tax discount rate adopted by management; • Assessing the reasonableness of the growth rates of business volume, gross margin and the pre-tax discount rate adopted in the discounted cash flows by comparing them with historical actual information and management's approved budget; • Comparing the expected growth rates of business volume and the gross margin to relevant market expectations such as industry information; • Evaluating management's sensitivity analysis over key assumptions for growth rates of business volume, gross margin and pre-tax discount rate, to ascertain the extent to which adverse changes will affect the outcome of the impairment assessment of these non-financial assets; and • Checking the mathematical accuracy of the discounted cash flow model and the underlying data used in the calculations.

OTHER INFORMATION

The directors of the Company are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS 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 HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Chan Chun Sing
Audit Engagement Director
Practising Certificate Number: P05537
24/F., Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

25 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	**91,706**	66,323
Cost of sales		**(66,207)**	(48,582)
Gross profit		**25,499**	17,741
Other income, gains and losses	8	**751**	877
Allowance for credit losses on trade receivables, net		**(323)**	(127)
Impairment of non-financial assets		**–**	(9,937)
Distribution and selling expenses		**(4,541)**	(3,890)
Administrative expenses		**(29,343)**	(26,041)
Finance expense		**(49)**	(24)
Loss before tax		**(8,006)**	(21,401)
Income tax expense	9	**(252)**	(233)
Loss and total comprehensive expense for the year	10	**(8,258)**	(21,634)
		RMB cents	RMB cents
Loss per share	13		
— Basic		**(0.83)**	(2.55)
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**932**	–
Intangible assets	15	**–**	–
Right-of-use assets	16	**1,350**	–
		2,282	–
CURRENT ASSETS			
Inventories	17	**2,924**	2,177
Trade receivables	18	**17,705**	12,798
Prepayments and other receivables	18	**7,781**	5,760
Bank and cash balances	19	**21,062**	19,725
		49,472	40,460
CURRENT LIABILITIES			
Trade payables	20	**8,271**	4,051
Other payables and accruals	20	**4,885**	4,773
Contract liabilities	21	**539**	1,380
Leases liabilities	22	**342**	479
Bank Borrowing	23	**240**	–
Tax payable		**1,171**	1,103
		15,448	11,786
NET CURRENT ASSETS		**34,024**	28,674
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,306**	28,674
NON-CURRENT LIABILITIES			
Deferred tax liability	24	**55**	55
Bank Borrowing	23	**1,140**	–
Lease liabilities	22	**308**	247
		1,503	302
NET ASSETS		**34,803**	28,372
CAPITAL AND RESERVES			
Share capital	25	**8,879**	7,321
Reserves		**25,924**	21,051
TOTAL EQUITY		**34,803**	28,372

The consolidated financial statements on pages 73 to 120 were approved and authorised for issue by the Board of Directors on 25 March 2025 and are signed on its behalf by:

Li Rongsheng
DIRECTOR

Lam Kai Cheong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital RMB'000	**Share premium** RMB'000 (Note i)	**Share based payment reserve** RMB'000 (Note iii)	**Other reserve** RMB'000 (Note ii)	**Accumulated losses** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2023	7,321	41,488	–	14,145	(12,948)	50,006	134	50,140
Deregistration of a subsidiary	–	–	–	–	–	–	(134)	(134)
Loss and total comprehensive expense for the year	–	–	–	–	(21,634)	(21,634)	–	(21,634)
At 31 December 2023	7,321	41,488	–	14,145	(34,582)	28,372	–	28,372
Issuance of new shares from placing of shares	1,558	10,261	–	–	–	11,819	–	11,819
Share based payment (Note 29)	–	–	2,869	–	–	2,869	–	2,869
Loss and total comprehensive expense for the year	–	–	–	–	(8,258)	(8,258)	–	(8,258)
At 31 December 2024	**8,879**	**51,749**	**2,869**	**14,145**	**(42,840)**	**34,803**	**–**	**34,803**

Note:

i Pursuant to the Companies law of the Cayman Islands and the Company's Articles of Association, the share premium of the Company is distributable to the equity holders 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.

ii As part of the group reorganisation for the listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), there were series of restructuring within the Group which mainly involved interspersing investment holding entities between the operating subsidiaries and investment holding companies. The difference between the Company's share capital and the combined paid-in capital of 新天倫服裝配料(惠州)有限公司 ("**新天倫服裝配料**") and Reach New Technology (Huizhou) Company Limited* (新達科技(惠州)有限公司) ("**Reach New Technology**") (formerly known as 新天倫服裝輔料(惠州)有限公司), the indirect wholly-owned subsidiaries of the Company established in the People's Republic of China (the "**PRC**"), was credited to other reserve on 30 November 2016.

iii The Group maintains an equity-settled share-based payment reserve within its equity structure to account for share option schemes. This reserve represents the cumulative fair value of share options granted to directors and employees, which are systematically recognized as personnel expenses over the vesting period. During the year ended 31 December 2024, the Group recognized share-based payment expenses of approximately RMB2,869,000 in the consolidated financial statements.

* *English name is for identification purpose.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(8,006)**	(21,401)
Adjustments for:			
Depreciation of property, plant and equipment		**501**	1,668
Amortisation of intangible assets		**–**	152
Allowance for credit losses on trade receivables, net		**323**	127
Depreciation of right-of-use assets		**450**	262
Finance expenses		**49**	24
Impairment of non-financial assets		**–**	9,937
Bank interest income		**(216)**	(208)
Loss on disposal of property, plant and equipment		**–**	391
Loss on deregistration of a subsidiary		**–**	231
Share-based payment expense		**2,869**	–
Exchange loss, net		**53**	111
Operating loss before movements in working capital		**(3,977)**	(8,706)
(Increase)/decrease in inventories		**(747)**	1,730
Increase in trade receivables		**(5,230)**	(2,170)
Increase in prepayments and other receivables		**(2,021)**	(2,074)
Increase/(decrease) in trade payables		**4,221**	(2,487)
Increase/(decrease) in other payables		**112**	(1,293)
(Decrease)/increase in contract liabilities		**(841)**	1,328
Cash used in operations		**(8,483)**	(13,672)
Interest paid		**(49)**	(24)
Tax paid during the year		**(184)**	–
NET CASH USED IN OPERATING ACTIVITIES		**(8,716)**	(13,696)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,433)**	(1,389)
Purchase of right-for-use assets		**(1,800)**	–
Bank interest received		**216**	208
Proceeds on disposal of property, plant and equipment		**–**	156
NET CASH USED IN INVESTING ACTIVITIES		**(3,017)**	(1,025)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES			
Net proceeds from issue of shares		**11,819**	–
New bank loans raised		**1,500**	–
Repayment of bank borrowings		**(120)**	–
Repayment of lease liabilities		**(76)**	(255)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**13,123**	(255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,390**	(14,976)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**19,725**	34,812
Effect of foreign exchange rate changes		**(53)**	(111)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**21,062**	19,725
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	19	**21,062**	19,725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

Reach New Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 22 January 2016. The ordinary shares of the Company (the "**Shares**") have been listed on GEM of Stock Exchange in July 2017. Its registered office is located at PO Box 1350, Regatta Office Park, Windward 3, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is located at Unit 2502, 25th Floor, South Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are principally engaged in production and supply of garment accessories in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which in collective term includes all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policy informations adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 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*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*
Hong Kong Interpretation 5 ("**HK Int 5**") (Revised)	*Presentation of Financial Statements -Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The application of the amendments to HKFRS Accounting Standards and interpretation in the current year 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

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

The Group has not early applied the following new and amendments to HKFRS Accounting Standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2024:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the Group anticipate that the application of all other new and amendments to HKFRS Accounting Standards and interpretation will not have material impact on the financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policy informations applied in the preparation of these consolidated financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2024. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy 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 transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	10%
Machinery	10%–50%
Motor vehicles	20%
Office equipment	20%
Furniture and fixtures	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Leases *(Continued)*

The Group as a lessee *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value.

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.

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.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred as if it were not a lease modification.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. 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.

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

— FVTOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit loss ("**ECL**").

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(k) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, 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.

Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler 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.

Interest income is recognised as it accrues using the effective interest method.

(n) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(o) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit ("**CGU**") to which the asset belongs. Recoverable amount is the higher of value-in-use and the fair value less costs of disposal of the individual asset or the CGU.

Value-in-use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables, and amount due from a related party. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

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

— significant increases in credit risk on other financial instruments of the same debtor; and

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

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

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

(i) The financial instrument has a low risk of default,

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Impairment of financial assets *(Continued)*

Credit-impaired financial assets

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

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

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

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated 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, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

ECL under general approach are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

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

(a) Impairment assessment of non-financial assets

Property, plant and equipment, intangible assets and right-of-use assets are reviewed for possible impairments whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined at the higher of value in use or the fair value less costs of disposal.

Determination as to whether and how much an asset is impaired involves management estimates and judgements such as growth rates of business volume, gross margin and the pre-tax discount rate for value in use. Judgement is required by the directors to determine key assumptions adopted and changes to key assumptions and estimates can significantly affect the results of the impairment reviews.

Details of the impairment assessment are disclosed in note 14.

The carrying amount of property, plant and equipment, intangible assets and right-of-use assets as at 31 December 2024 were approximately RMB932,000 (2023: RMBNil), RMBNil (2023: RMBNil) and RMB1,350,000 (2023: RMBNil), respectively. The net of accumulated impairment loss provisions of property, plant and equipment, intangible assets and right-of-use assets as at 31 December 2024 were approximately RMB5,005,000 (2023: RMB5,005,000), RMB696,000 (2023: RMB696,000), and RMB719,000 (2023: RMB719,000), respectively.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is 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, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2024, the carrying amount of trade receivables was approximately RMB17,705,000 (net of allowance for credit losses of approximately RMB1,608,000) (2023: approximately RMB12,798,000 (net of allowance for credit losses of approximately RMB1,285,000)).

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sales. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer's taste and competitor's actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

As at 31 December 2024, the carrying amount of inventories was approximately RMB2,924,000 (2023: RMB2,177,000). No allowance for inventories due to the net realisable value below cost has been recognised for the year ended 31 December 2024 (2023: RMB Nil).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in currencies other than the functional currencies of the Group's entities including Hong Kong dollars ("**HK$**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2024, if RMB had weakened 5 per cent against the HK$ with all other variables held constant, consolidated loss before tax for the year could have been approximately RMB414,000 (2023: RMB128,000) lower, arising mainly as a result of the foreign exchange gain on bank balances denominated in HK$. If RMB had strengthened 5 per cent against HK$ with all other variables held constant, consolidated loss before tax for the year would have been approximately RMB414,000 (2023: RMB128,000) higher, arising mainly as a result of the foreign exchange loss on bank balances denominated in HK$.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. The Group's exposure to credit risk arising from deposits with banks is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. 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 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has concentration of credit risk as 47.11% (2023: 57.8%) and 89.62% (2023: 78.1%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group measures loss allowances for trade receivables 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 customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, as at 31 December 2024 and 2023:

	2024		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**–**	**12,424**	**–**
1–90 days past due	**10**	**5,815**	**581**
91–180 days past due	**20**	**28**	**6**
181–365 days past due	**50**	**51**	**26**
More than 365 days past due	**100**	**995**	**995**
		19,313	**1,608**

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables *(Continued)*

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	–	9,637	–
1–90 days past due	10	3,465	346
91–180 days past due	20	32	6
181–365 days past due	50	33	17
More than 365 days past due	100	916	916
		14,083	1,285

Expected loss rates are based on historical actual loss experience. 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.

Movement in the loss allowance for trade receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**1,285**	1,158
Net impairment losses recongised for the year	**323**	127
At 31 December	**1,608**	1,285

Financial assets at amortised cost

Other than trade receivables, all of the Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12-month expected losses. Other receivables are considered to be low credit risk when they have a low risk of default and the debtors has a strong capacity to meet its contractual cash flow obligations in the long term.

Based on the assessment by the management, the management considers the ECL for other receivables is insignificant and therefore no loss allowance was made against the financial assets at amortised cost other than trade receivables.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted average interest rate %	**On demand or within one year RMB'000**	**More than one year but not exceeding two years RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
At 31 December 2024					
Trade payables	**–**	**8,271**	**–**	**8,271**	**8,271**
Other payables and accruals	**–**	**4,885**	**–**	**4,885**	**4,885**
Bank borrowings	**3.25%**	**248**	**1,177**	**1,425**	**1,380**
Lease liabilities	**4.35%**	**357**	**321**	**678**	**650**
Total		**13,761**	**1,498**	**15,259**	**15,186**

	Weighted average interest rate %	On demand or within one year RMB'000	More than one year but not exceeding two years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023					
Trade payables	–	4,051	–	4,051	4,051
Other payables and accruals	–	4,773	–	4,773	4,773
Lease liabilities	4.35%	500	258	758	726
Total		9,324	258	9,582	9,550

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits, fixed-rate bank borrowings and lease liabilities. These deposits bear interests at variable rates that vary with the then prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

Sensitivity analysis on cash flow interest-rate risk has not been presented as the reasonably possible changes in market interest rate will not have significant impact on the Group's consolidated financial statements.

(e) Categories of financial instruments at 31 December

	2024	2023
	RMB'000	RMB'000
Financial assets:		
Financial assets measured at amortised cost	**45,001**	37,255
Financial liabilities:		
Financial liabilities at amortised cost	**14,536**	8,824

The Group has concluded that there are no material differences exist between the carrying amounts of financial assets and financial liabilities measured at amortised cost and their respective fair values as at 31 December 2024 and 2023. Given the absence of material valuation uncertainties under current market conditions and credit risk profiles, the Group has elected not to disclose the fair values of these instruments in the financial statements.

7. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	2024	2023
	RMB'000	RMB'000
Types of products — Timing of revenue recognition — at a point in time		
Sales of printed products	**28,584**	25,319
Sales of woven labels	**13,443**	10,739
Sales of printed labels	**17,763**	15,763
Others	**31,916**	14,502
	91,706	66,323

Types of customers

	2024	2023
	RMB'000	RMB'000
Garment brand companies	**7,584**	4,899
Sourcing companies designated by garment brand companies	**20,177**	19,792
Garment manufacturers	**50,582**	41,632
Others	**13,363**	–
	91,706	66,323

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers *(Continued)*

The Chief Executive Officer of the Group, being the chief operating decision maker ("**CODM**") regularly review revenue analysis by major products as set out in the revenue analysis above for the purpose of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete consolidated financial statements is regularly reviewed by the CODM for the purpose of resource allocation and assessment of performance of respective businesses which generate different types of revenue. The CODM review the operating results of the Group as a whole to make decisions about resource allocation and for performance assessment. The operation of the Group constitutes one single operating and reportable segment under HKFRS 8 "Operating Segments" and accordingly no separate segment information is presented.

Geographical information

The Group's revenue from operations are located in the PRC. Most of the Group's non-current assets and capital expenditure are located or utilised in the PRC.

Information about major customers

Revenue from a customer that individually contributing over 10% of the total sales are as follows:

	2024 **RMB'000**	2023 RMB'000
Customer A	**22,466**	19,792

8. OTHER INCOME, GAINS AND LOSSES

	2024 **RMB'000**	2023 RMB'000
Bank interest income	**216**	208
Others	**535**	669
	751	877

9. INCOME TAX EXPENSE

	2024	2023
	RMB'000	RMB'000
Current tax:		
Provision for the year	**252**	233

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands pursuant to the rules and regulations in those jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or earned in Hong Kong for the year ended 31 December 2024 (2023: Nil).

The Group is subject to the PRC Enterprise Income Tax (the "**PRC EIT**") at a rate of 25% (2023: 25%) and dividend withholding tax at a rate of 5% (2023: 5%) for the year ended 31 December 2024, except 新天倫服裝配料(惠州)有限公司 which qualified as High and New Technology Enterprises and entitled to the preferential tax rate of 15% for the year ended 31 December 2024 (2023: 15%).

Current tax provision represents provision for the PRC EIT.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC EIT rate is as follows:

	2024	2023
	RMB'000	RMB'000
Loss before tax	**(8,006)**	(21,401)
Tax at the PRC EIT rate of 25% (2023: 25%)	**(2,002)**	(5,350)
Tax effect of deductible temporary differences not recognised	**81**	2,485
Tax effect of expenses not deductible for tax purpose	**1,180**	70
Tax effect of tax losses not recognised	**2,033**	3,028
Utilisation of tax losses previously not recognised	**(1,040)**	–
Tax expense for the year	**252**	233

10. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2024	2023
	RMB'000	RMB'000
Loss and total comprehensive expense for the year has been arrived at after charging:		
Directors' emoluments (note 11)	**3,015**	2,624
Other staff costs excluding directors		
— salaries and wages	**24,481**	19,049
— retirement benefits scheme contribution	**3,152**	3,042
— share-based payment expenses	**2,494**	–
Total directors and other staff costs	**33,142**	24,715
Auditor's remuneration	**599**	569
Cost of inventories recognised as cost of sales	**62,790**	44,723
Depreciation on property, plant and equipment	**501**	1,668
Depreciation of right-of-use assets	**450**	262
Amortisation of intangible assets	**–**	152
Loss on disposal of property, plant and equipment	**–**	391
Loss on deregistration of a subsidiary	**–**	231
Interest expense on lease liabilities	**13**	24
Interest expense on bank borrowing	**36**	–
Exchange loss, net	**53**	111

Cost of inventories recognised as cost of sales includes staff costs, depreciation on property, plant and equipment and right-of-use assets of approximately RMB17,450,000 (2023: RMB15,858,000) which are included in the amounts disclosed separately.

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

Details of the emoluments paid or payable to directors are as follows:

	Fee RMB'000	Salaries, allowance and benefits in kind RMB'000	Retirement benefits scheme contribution RMB'000	Share-based payment RMB'000	Total RMB'000
2024					
Executive Directors					
Ms. Sha Xuanyi	–	563	17	34	614
Mr. Lam Kai Yuen	–	597	17	–	614
Mr. Lam Kai Cheong	–	597	17	–	614
Mr. Li Rongsheng	–	387	12	341	740
	–	2,144	63	375	2,582
Independent Non-executive directors					
Mr. Zhu Honghai	156	–	–	–	156
Mr. Lin Kin-Chin	133	–	–	–	133
Mr. Liu Mingxiao	144	–	–	–	144
	433	–	–	–	433
	433	2,144	63	375	3,015

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Directors' emoluments *(Continued)*

	Fee RMB'000	Salaries, allowance and benefits in kind RMB'000	Retirement benefits scheme contribution RMB'000	Total RMB'000
2023				
Executive Directors				
Mr. Lam Kai Yuen (appointed as chairman on 26 September 2023, and resigned as chief executive officer on 28 November 2023)	–	608	16	624
Mr. Lam Kai Cheong	–	585	16	601
Ms. Ma Huilin (resigned on 5 May 2023)	–	16	–	16
Mr. Li Rongsheng (appointed as chief executive officer on 28 November 2023)	–	32	–	32
Ms. Sha Xuanyi (appointed on 26 September 2023 and appointed as chairlady on 23 February 2024)	–	132	13	145
	–	1,373	45	1,418
Non-executive director				
Mr. Lam Cheung Chuen (resigned as chairman and non-executive Director on 26 September 2023)	–	585	–	585
	–	585	–	585
Independent Non-executive directors				
Mr. Ho Yuk Hay (resigned on 28 November 2023)	149	–	–	149
Mr. Moy Yee Wo, Matthew (resigned on 28 November 2023)	149	–	–	149
Mrs. So Chan Wai Hang (resigned on 26 September 2023)	122	–	–	122
Mr. Zhu Honghai	156	–	–	156
Mr. Lin Kin-Chin (appointed on 26 September 2023)	33	–	–	33
Mr. Liu Mingxiao (appointed on 28 November 2023)	12	–	–	12
	621	–	–	621
	621	1,958	45	2,624

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which the directors waived or agreed to waive any emoluments during the year ended 31 December 2024 (2023: Nil).

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Employees' remuneration

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and allowances	**1,761**	1,106
Retirement benefits scheme contribution	**17**	27
	1,778	1,133

Their emoluments fell within the following bands:

	2024 Number of employees	2023 Number of employees
Nil to HK$1,000,000 (Equivalent to Nil to approximately RMB899,000) (2023: Nil to approximately RMB903,000))	**2**	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors of the Company or any of the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

Directors' material interests in transactions, arrangements and contracts

Save as disclosed in note 28 to the consolidated financial statements, no other significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. DIVIDEND

No dividend in respect of the years ended 31 December 2024 and 2023 were declared and approved by the directors.

13. LOSS PER SHARE

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

	2024	2023
	RMB'000	RMB'000
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(8,258)**	(21,634)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**991,945,206**	850,000,000

The computation of diluted loss per share for the year ended 31 December 2024 does not assume the exercise of the Company's share options since it would result in a decrease in loss per share.

No diluted loss per share is presented for the year ended 31 December 2023 as there were no dilutive potential ordinary share in issue.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Furniture and fixtures RMB'000	Total RMB'000
COST						
At 1 January 2023	12,535	30,510	1,630	5,609	1,059	51,343
Additions	1,189	–	133	32	35	1,389
Disposal	–	–	(655)	(20)	–	(675)
At 31 December 2023 and 1 January 2024	13,724	30,510	1,108	5,621	1,094	52,057
Additions	–	432	923	46	32	1,433
At 31 December 2024	13,724	30,942	2,031	5,667	1,126	53,490
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2023	12,083	23,390	645	4,935	942	41,995
Provided for the year	340	1,099	154	68	7	1,668
Impairment	1,301	6,021	437	618	145	8,522
Eliminated on disposal	–	–	(128)	–	–	(128)
At 31 December 2023 and 1 January 2024	13,724	30,510	1,108	5,621	1,094	52,057
Provided for the year	–	143	348	3	7	501
At 31 December 2024	13,724	30,653	1,456	5,624	1,101	52,558
CARRYING AMOUNT						
At 31 December 2024	–	289	575	43	25	932
At 31 December 2023	–	–	–	–	–	–

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

Impairment assessment

As at 31 December 2024 and 2023, due to the continuous loss of the Group, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment, intangible assets and right-of-use assets of the Group attributable to the CGU of the Group's labelling solution segment.

The recoverable amount of CGU has been determined based on a value-in-use calculation. That calculation used a cash flow projections based on financial budgets approved by the management covering the next 5 years with a pre-tax discount rate of 18.6% (2023: 18.2%). The Group estimates pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The annual revenue growth rate used is 5% (2023: 0%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value-in-use calculation is the budgeted gross margin of 27.0% (2023: 26.0%), which is determined based on the CGUs' past performance, management expectations for the market development and volatility in financial markets including potential disruptions of the Group's operations.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU is lower than the carrying amount. As a result, impairment losses were provided to write down the carrying amounts of the assets in the CGUs to their respective recoverable amounts. As at 31 December 2024, the carrying amounts of property, plant and equipment, intangible assets and right-of-use assets subject to impairment assessment were approximately RMB932,000, RMB Nil and RMB1,350,000 (2023: RMB Nil, RMB Nil and RMBNil) respectively, after taking into account the accumulated impairment losses of approximately RMB8,522,000, RMB696,000 and RMB719,000 (2023: RMB8,522,000, RMB696,000 and RMB719,000) in respect of property, plant and equipment, intangible assets and right-of-use assets that have been recognised respectively.

15. INTANGIBLE ASSETS

	RMB'000
COST	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,802
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2023	954
Provided for the year	152
Impairment	696
At 31 December 2023, 1 January 2024 and 31 December 2024	1,802
CARRYING AMOUNT	
At 31 December 2024	**–**
At 31 December 2023	–

The intangible assets represent computer softwares acquired from independent third parties, which have finite useful lives of 10 years and are amortised on a straight-line basis. These assets are used in the Group's labelling solution segment. Details of impairment assessment of intangible assets as at 31 December 2023 are set out in note 14.

16. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
As at 1 January 2023	–
Additions to right-of-use assets	981
Depreciation charge	(262)
Impairment	(719)
As at 31 December 2023 and 1 January 2024	–
Additions to right-of-use assets	1,800
Depreciation charge	(450)
As at 31 December 2024	**1,350**

	2024 **RMB'000**	2023 RMB'000
Depreciation of right-of-use assets		
— leased properties	**450**	262
Lease interests expense	**13**	24
Expenses relating to short-term lease	**2,330**	2,330
Total cash outflow for the lease	**2,419**	2,609

Lease liabilities of approximately RMB650,000 (2023: RMB726,000) are recognised with related right-of-use assets of RMBNil (2023: RMBNil) as at 31 December 2024.

The lease arrangements do not impose any covenants other than the security interests in leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purpose.

Details of impairment assessment of right-of-use assets are set out in note 14.

17. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Raw materials	**2,024**	1,504
Work in progress	**568**	205
Finished goods	**332**	468
	2,924	2,177

At the end of the reporting period, the Group's inventories are stated at the lower of cost and net realisable value.

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Trade receivables	**19,313**	14,083
Less: allowance for credit losses	**(1,608)**	(1,285)
	17,705	12,798
Other receivables	**2,745**	4,732
Prepayments	**5,036**	1,028
	7,781	5,760

The Group allows credit periods ranging from 30 to 90 days to its trade customers. Before accepting any new customer, the Group makes enquiries to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customer are reviewed annually. The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Within 90 days	**17,658**	12,756
91–180 days	**22**	25
181–365 days	**25**	17
	17,705	12,798

Details of credit loss assessment of trade receivables for the years ended 31 December 2024 and 2023 are set out in note 6(b) to the consolidated financial statements.

19. BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2024	2023
	RMB'000	RMB'000
US$	**1**	4
HK$	**8,703**	2,285
RMB	**12,358**	17,436
	21,062	19,725

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Central Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. The Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

20. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	RMB'000
Trade payables	**8,271**	4,051
Other payables	**2,534**	1,783
Accrued expenses	**2,351**	2,990
	4,885	4,773

The credit period on trade payables ranging from 30 to 90 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	2024	2023
	RMB'000	RMB'000
Within 90 days	**5,881**	3,979
91–180 days	**1,490**	54
181–365 days	**829**	4
Over 1 year	**71**	14
	8,271	4,051

21. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Sales of products	**539**	1,380

Contract liabilities arise when the Group receives upfront payment or cash advances before the commencement of the garment accessories manufacturing services activity, which exceeds the revenue recognised to date.

As at 1 January 2023, contract liabilities amounted to approximately RMB52,000.

Contract liabilities are expected to be settled within the Group's normal operating cycle, which is no more than 12 months after the reporting period.

Revenue recognized during the year ended 31 December 2024 that was included in the contract liabilities balances at 1 January 2024 amounted to approximately RMB1,380,000 (2023: approximately RMB52,000).

22. LEASE LIABILITIES

	Present value of minimum lease payments	
	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**342**	479
Within a period of more than one year but not exceeding two years	**308**	247
	650	726
Less: Amount due for settlement within twelve months shown under current liabilities	**(342)**	(479)
Amount due for settlement after twelve months shown under non-current liabilities	**308**	247

At 31 December 2024, the average incremental borrowing rate was 4.35% (2023: 4.35%).

23. BANK BORROWING

	2024	2023
	RMB'000	RMB'000
At amortised cost:		
Secured bank borrowing	**1,380**	–

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

	2024	2023
	RMB'000	RMB'000
The carrying amounts of the borrowing are repayable:		
Within one year	**240**	–
Within a period of more than one year but not exceeding two years	**1,140**	–
	1,380	–
Less: Amounts due within one year shown under current liabilities	**(240)**	–
Amounts shown under non-current liabilities	**1,140**	–

The carrying amount of the Group's borrowing are denominated in Renminbi. The effective interest rate on the loan from financial institution during the year ended 31 December 2024 was 3.25% per annum (2023: Nil).

At 31 December 2024, the Group's borrowing from financial institution of approximately HK$1,380,000 (2023: Nil) were secured by (i) personal guarantee by a director of the Company, (ii) corporate guarantee by a subsidiary.

In respect of bank borrowings with carrying amount of RMB1,380,000 as at 31 December 2024 (2023: RMB Nil), the Group is required to comply with the following financial covenants which are tested on a yearly basis: (i) the borrower is obligated to maintain a debt-to-asset ratio not exceeding 90%, (ii) from the effective date of the agreement until full repayment of principal and interest, the borrower is prohibited from distributing any dividends or profits to shareholders, ensuring priority repayment of debt, and (iii) in the event of financial metric deterioration, unfulfilled commitments, or irregular related-party transactions, the lender reserves the right to declare debt acceleration and enforce remedies, including asset freezing and account set-off.

The Group has complied with the relevant covenants at each test date on or before the end of the reporting period. The directors has assessed their potential impact on financial position and liquidity and confirms compliance with all covenants as of the reporting date.

24. DEFERRED TAX LIABILITY

The following is the deferred tax liability recognised and movements thereon during the current and prior years:

	Withholding tax on distributable profits
	RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	55

Under the Law of the PRC on EIT, withholding tax at a rate of 5% is proposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

As at 31 December 2024, deferred tax has not been provided for temporary differences attributable to the remaining accumulated undistributed profits of two PRC subsidiaries amounting to an aggregate amount of approximately RMB14,900,000 (2023: RMB18,319,000) as the directors of the Company do not expect (2023: not expect) to declare any additional dividends during the years ended 31 December 2024 as mentioned above and the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 31 December 2024, the Group has unused tax losses of approximately RMB64,114,000 (2023: RMB60,142,000), available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Included in unrecognised tax losses are losses of approximately RMB12,947,000 (2023: RMB12,586,000) may be carried forward for five years from the year when the corresponding loss was incurred. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of RMB11,545,000 (2023: RMB11,222,000) arising from allowance for credit losses and impairment of non-financial assets. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

25. SHARE CAPITAL

	Number of shares	HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000,000	20,000,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 1 January 2024	850,000,000	8,500,000
Issuance of shares during the year	170,000,000	1,700,000
At 31 December 2024	1,020,000,000	10,200,000

	2024 RMB'000	2023 RMB'000
Shown in the consolidated financial statements as RMB	**8,879**	7,321

On 2 January 2024, the Company announced that a placing agreement was signed between the Company as issuer and Ruibang Securities Limited as placing agent. On 18 January 2024, the Company completed placing of 100,000,000 Shares under general mandate and raised the gross proceeds and the net proceeds of HK$8.0 million (equivalent to approximately RMB7.4 million) and HK$7.8 million (equivalent to approximately RMB7.2 million) respectively. In addition, on 16 April 2024, the Company announced that a placing agreement was signed between the Company as issuer and Ruibang Securities Limited as placing agent. On 2 May 2024, the Company completed placing of 70,000,000 shares under general mandate and raised the gross proceeds and the net proceeds of HK$4.9 million (equivalent to approximately RMB4.7 million) and HK$4.8 million (equivalent to approximately RMB4.6 million) respectively.

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt (net of cash) and cash equivalents and equity.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends (subject to covenant disclosed in Note 23), the issue of new shares, new debts or the redemption of existing debts.

The externally imposed capital requirements for the Group that in order to maintain its listing on the Stock Exchange is to have a public float of at least 25% of the shares of the Company throughout the year. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the years ended 31 December 2024 and 2023.

26. EMPLOYEE BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is 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 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. During the year ended 31 December 2024, the retirement benefits scheme contribution arising from the MPF Scheme charged to profit and loss was approximately RMB68,000 (2023: RMB80,000).

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the "**Retirement Benefit Scheme**") organized by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to the Retirement Benefit Scheme vest immediately. During the year ended 31 December 2024, the costs charged under the Retirement Benefit Scheme for the Group's PRC subsidiaries amounted to approximately RMB3,147,000 (2023: approximately RMB3,007,000).

There was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

Forfeited contributions totalling RMBNil (2023: RMBNil) were utilised during the year leaving RMB688,000 (2023: RMB688,000) available at the year end to reduce future contributions.

27. RELATED PARTY TRANSACTION

Apart from details of the balances with related parties disclosed elsewhere in the consolidated financial statements, the Group also entered into the following transactions with related parties during the year ended 31 December 2024:

		Year ended 31 December	
		2024	2023
Name of related company/party	**Nature of transactions**	**RMB'000**	RMB'000
史威特服飾（惠州）有限公司	Rental paid (Note)	**2,250**	2,250
Good Wealthy properties Limited	Rental paid (Note)	**80**	80

Note: Mr. Lam Cheung Chuen is the father of Mr. Lam Kai Yuen and Mr. Lam Kai Cheong, both the executive Directors as at 31 December 2024. Mr. Lam Cheung Chuen was the ultimate beneficial owner of 史威特服飾（惠州）有限公司 and Good Wealthy Properties Limited.

Compensation of key management personnel

The remuneration of key management personnel including the directors of the Company, during the year was approximately RMB3,015,000 (2023: RMB2,707,000) which is determined by reference to the performance of individuals and market trends.

No post-employment benefits, other long term benefits and termination benefits are paid or payable to the key management personnel.

28. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Company has direct and indirect equity interests in the following subsidiaries at the end of the reporting period:

Name of subsidiaries	Date of incorporation/ establishment	Place of incorporation/ establishment/ operation	Legal form	Issued and fully paid-up share capital/ registered capital	Equity interests attributable to the Company as at 31 December 2024	2023	Principal activities
Direct							
New Forest Company Limited	1 December 2015	BVI	Private enterprise with limited liability	US$1 (2023: US$1)	**100%**	100%	Investment holding
RN Crypto (BVI) Company Limited	4 September 2019	BVI	Private enterprise with limited liability	US$1 (2023: US$1)	**100%**	100%	Investment holding
Indirect							
Smart Trend Enterprises Company Limited	15 April 2016	Hong Kong	Private enterprise with limited liability	HK$1 (2023: HK$1)	**100%**	100%	Investment holding
RN Standard Kepler Company Limited	1 November 2019	Hong Kong	Private enterprise with limited liability	HK$10,000 (2023: HK$10,000)	**100%**	100%	Investment holding
Reach New Liquor-Making Industry Company Limited	4 January 2024	Hong Kong	Private enterprise with limited liability	HK$1	**100%**	–	Investment holding
*新達科技(惠州)有限公司 Reach New Technology	29 April 2007	PRC	Foreign investment enterprise with limited liability	US$1,000,000 (2023: US$1,000,000)	**100%**	100%	Manufacturing and sale of garment accessories
*新天倫服裝配料(惠州)有限公司	31 December 2001	PRC	Foreign investment enterprise with limited liability	US$2,400,000 (2023: US$2,400,000)	**100%**	100%	Manufacturing and sale of garment accessories
*深圳市新達科創集團有限公司	18 August 2021	PRC	Foreign investment enterprise with limited liability	HK$1,000,000 (2023: HK$1,000,000)	**100%**	100%	Inactive
*深圳市新達店店通企業管理有限公司	14 December 2023	PRC	Foreign investment enterprise with limited liability	Nil (2023: Nil)	**100%**	100%	Inactive
*深圳市新達功能紡織有限公司	14 December 2023	PRC	Foreign investment enterprise with limited liability	Nil (2023: Nil)	**100%**	100%	Inactive
*深圳市新達农业高科技有限公司	13 December 2023	PRC	Foreign investment enterprise with limited liability	Nil (2023: Nil)	**100%**	100%	Inactive

* These companies were established in the PRC as wholly foreign owned enterprises

None of the subsidiaries had issued any debt securities at the end of the year. As at 31 December 2024, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to approximately RMB12,358,000 (2023: approximately RMB17,436,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

29. SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then sole shareholder of the Company on 24 June 2017 (the "Share Option Scheme") and will remain in force for 10 years after its adoption. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. For other principal terms of the Share Option Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV to the Company's Prospectus dated 30 June 2017.

On 26 March 2024, the Company granted 80,000,000 share options ("Share Options") to individuals under the Share Option Scheme.

Details of the Share Options granted during the year is as follows:

Name of Grantees	Grant Director	Grant Date	Exercise Price	Exercise Period	Vesting Date	Balance as at 1 January 2024	Number of Share Options granted during the Period	Number of Share Options exercised during the Period	Number of Share Options cancelled or lapsed during the Period	Balance as at 31 December 2024
Directors	Ms. Sha Xuanyi	26 March 2024	HK$0.1	From 26 March 2025 to 25 March 2026	26 March 2025	–	950,000	–	–	950,000
Directors	Mr. Li Rongsheng	26 March 2024	HK$0.1	From 26 March 2025 to 25 March 2026	26 March 2025	–	9,500,000	–	–	9,500,000
Other 17 employees	–	26 March 2024	HK$0.1	From 26 March 2025 to 25 March 2026	26 March 2025	–	69,550,000	–	–	69,550,000
Total						**-**	**80,000,000**	**-**	**-**	**80,000,000**

The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 1.23 years.

The closing price of the Shares on the Stock Exchange was HK$0.094 per Share on 26 March 2024 as the date of grant and HK$0.093 per Share on 25 March 2024, being the date immediately before the date of grant. The Share Options granted on 26 March 2024 were not subject to any specific performance target. The fair value of the Share Options granted on 26 March 2024 was approximately RMB2,869,000 which was recognised as share based payment expense in the consolidated profit or loss during the year ended 31 December 2024.

29. SHARE OPTION SCHEME *(Continued)*

These fair values were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	2024
Weighted average share price	**HK$0.094**
Exercise price	**HK$0.100**
Expected volatility	**98.51%**
Expected life	**2 years**
Risk-free rate	**3.65%**
Expected dividend yield	**0.00%**

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 8 years. The expected life used in the model has been adjusted, based on the valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The number of Share which may be issued by exercising the outstanding Share Options as at 31 December 2024 was 80,000,000 (2023: Nil) Shares which represent approximately 7.84% (2023: Nil) of the number of issued Shares as at the end of the 31 December 2024. Save for disclosed, no share option has been exercised, granted, cancelled or lapsed during the years ended 31 December 2024 and 2023.

There was no options available for grant under the scheme mandate as at 1 January 2024, 31 December 2024 and the date of approval of these consolidated financial statements.

30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2024	2023
	RMB'000	RMB'000
NON-CURRENT ASSET		
Investment in subsidiaries	**23,429**	28,429
CURRENT ASSETS		
Prepayments and other receivables	**18**	128
Amounts due from subsidiaries	**11,520**	73
Bank and cash balances	**123**	109
	11,661	310
CURRENT LIABILITIES		
Other payables	**71**	658
Amounts due to subsidiaries	**2,046**	3,365
	2,117	4,023
NET CURRENT ASSETS/(LIABILITIES)	**4,544**	(3,713)
NET ASSETS	**32,973**	24,716
CAPITAL AND RESERVES		
Share capital (note 25)	**8,879**	7,321
Reserves (note (a))	**24,094**	17,395
	32,973	24,716

Approved by the Board of Directors on 25 March 2025 and are signed on its behalf by:

Li Rongsheng	**Lam Kai Cheong**
DIRECTOR	*DIRECTOR*

30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY *(Continued)*

Note a:

	Share premium	Share based payment reserve	Capital reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	41,488	–	48,429	(50,818)	39,099
Loss and total comprehensive expense for the year	–	–	–	(21,704)	(21,704)
At 31 December 2023	**41,488**	**–**	**48,429**	**(72,522)**	**17,395**
Issuance of new shares from placing of shares	**10,261**	**–**	**–**	**–**	**10,261**
Share based payment	**–**	**2,869**	**–**	**–**	**2,869**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(6,431)**	**(6,431)**
At 31 December 2024	**51,749**	**2,869**	**48,429**	**(78,953)**	**24,094**

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	Bank Borrowing	Lease Liabilities	Total
	RMB'000	RMB'000	RMB'000
As 1 January 2023	–	–	–
Newly engaged lease	–	981	981
Repayment of lease liabilities	–	(255)	(255)
Interest expenses	–	24	24
Interest paid	–	(24)	(24)
At 31 December 2023 and 1 January 2024	**–**	**726**	**726**
Repayment of lease liabilities	**–**	**(76)**	**(76)**
New bank loans raised	**1,500**	**–**	**1,500**
Repayment of bank borrowings	**(120)**	**–**	**(120)**
Interest expenses	**36**	**13**	**49**
Interest paid	**(36)**	**(13)**	**(49)**
At 31 December 2024	**1,380**	**650**	**2,030**

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flow for leases comprise the following:

	2024	2023
	RMB'000	RMB'000
Within operating cash flows	**2,343**	24
Within financing cash flows	**76**	255
	2,419	279

These amounts relate to the following:

	2024	2023
	RMB'000	RMB'000
Lease rental paid	**2,419**	279

32. EVENTS AFTER THE REPORTING PERIOD

On 23 December 2024, the Group entered into an agreement to acquire a 90% equity interest in Shenzhen GuanChengTong Technology Co., Ltd., a company specializing in network information security services. The acquisition has been accounted for as acquisition of business using the acquisition method.

The transaction was completed on 15 January 2025, and the consideration of RMB90,000 was satisfied in cash upon the registration of shareholder changes as recorded by the State Administration for Market Regulation in the PRC. Details of the acquisition are set out in the Company's announcement dated 23 December 2024.

At the time the consolidated financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Shenzhen GuanChengTong Technology Co., Ltd. Specifically, as the independent valuation work has not been completed, the fair values of the acquired assets and liabilities have not been disclosed yet, and detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity cannot be provided either. Therefore, it is not practicable to disclose further details about the acquisition.

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 March 2025.

FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**91,706**	66,323	67,251	74,414	60,560
LOSS BEFORE TAXATION	**(8,006)**	(21,401)	(6,661)	(1,327)	(14,124)
Income tax expense	**(252)**	(233)	(89)	(109)	–
LOSS FOR THE YEAR	**(8,258)**	(21,634)	(6,750)	(1,436)	(14,124)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**51,754**	40,460	63,914	70,385	73,603
TOTAL LIABILITIES	**(16,951)**	(12,088)	(13,774)	(13,495)	(15,277)
	34,803	28,372	50,140	56,890	58,326
EQUITY:					
Equity attributable to owners of the Company	**34,803**	28,372	50,006	56,749	58,157
Non-controlling interests	**–**	–	134	141	169
	34,803	28,372	50,140	56,890	58,326