



GLORIOUS SUN ENTERPRISES LIMITED

(Incorporated in Bermuda with limited liability) Stock Code : 393



High-quality
Development
in Action

2024

Annual Report

Jeanswest

玩真的

>>> GIVE YOUR ALL

王一博
真维斯休闲装 品牌全球代言人

Wang Yibo



OUR CORE BUSINESS

- Financial investments
- Interior decoration and renovation
- Export of casual wear apparel
- Retail of casual wear apparel

OUR VISION

To be an outstanding financial investor in the region;

to be an outstanding services provider in interior decoration and renovation industry;

to be one of the best casual wear apparel suppliers; and

to become a market leader in casual wear apparel retailing.

OUR MISSION

- Focused on our customers, we endeavour to provide quality products and services with added value
- Focused on investing in high quality financial products to secure stable profits

We strive after:

- customer satisfaction;
- staff development;
- reasonable equity return; and
- growth with our business partners,

so as to benefit our community.

Contents

Corporate Information	2
Notice of Annual General Meeting	3
Chairman's Statement	12
Management Discussion and Analysis	18
Financial Highlights	24
Directors' and Senior Management's Biographies	27
Corporate Governance Report	29
Report of the Directors	42
Independent Auditor's Report	51
Consolidated Statement of Profit or Loss	57
Consolidated Statement of Comprehensive Income	58
Consolidated Statement of Financial Position	59
Consolidated Statement of Changes in Equity	61
Consolidated Statement of Cash Flows	63
Notes to Financial Statements	65
Financial Summary	140

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Dr. Charles Yeung, GBS, JP (*Chairman*)
Yeung Chun Fan, BBS (*Vice-chairman*)
Hui Chung Shing, Herman, GBS, MH, JP
Ms. Cheung Wai Yee
Yeung Yin Chi, Jennifer, JP

Independent Non-executive

Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP
Ng Wing Ka, Jimmy, BBS, JP
Choi Tak Shing, Stanley, JP

BOARD COMMITTEES

Audit Committee

Lau Hon Chuen, Ambrose, GBS, JP (*Chairman*)
Ng Wing Ka, Jimmy, BBS, JP
Choi Tak Shing, Stanley, JP

Remuneration Committee

Dr. Chan Chung Bun, Bunny, GBM, GBS, JP (*Chairman*)
Hui Chung Shing, Herman, GBS, MH, JP
Choi Tak Shing, Stanley, JP

Nomination Committee

Dr. Charles Yeung, GBS, JP (*Chairman*)
Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP

Investment Committee

Dr. Charles Yeung, GBS, JP (*Chairman*)
Yeung Chun Fan, BBS
Yeung Yin Chi, Jennifer, JP
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP

COMPANY SECRETARY

Ms. Hoi Siu Ling

AUTHORISED REPRESENTATIVES

Hui Chung Shing, Herman, GBS, MH, JP
Yeung Yin Chi, Jennifer, JP

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation
Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
UBS AG
Industrial and Commercial Bank of China (Asia) Limited

WEBSITE

<http://www.glorisun.com>

STOCK CODE

393

BOARD LOT

4,000 shares

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Glorious Sun Enterprises Limited (the “Company”) will be held at Dynasty II, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong on Monday, 19 May 2025 at 3:30 p.m. for the following purposes:

- (1) To receive and consider the Financial Statements, the Report of the Directors and the Independent Auditor’s Report for the year ended 31 December 2024.
- (2) To declare the final dividend for the year ended 31 December 2024.
- (3) (A) (I) To elect Mr. Yeung Chun Fan as an executive director of the Company.
(II) To elect Mr. Hui Chung Shing, Herman as an executive director of the Company.
(III) To elect Mr. Lau Hon Chuen, Ambrose as an independent non-executive director of the Company.
(B) To authorise the Board of Directors to fix the Directors’ remuneration.
- (4) To appoint Auditor and to authorise the Board of Directors to fix the Auditor’s remuneration.
- (5) As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (A) **“THAT:**
 - (I) subject to sub-paragraph (III) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (II) the approval in sub-paragraph (I) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(III) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in sub-paragraph (I) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined) or upon the exercise of rights of conversion or subscription under any securities which are convertible into shares of the Company or (b) the share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the aggregate of: (aa) 20 per cent. of the aggregate number of issued shares of the Company on the date of this resolution and (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the number of shares of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of issued shares of the Company at the date of passing this resolution) and the said approval shall be limited accordingly; and

(IV) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (c) the revocation or variation of the authority set out in this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT:**

- (I) subject to sub-paragraph (II) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase shares in the issued share capital of the Company be and is hereby generally and unconditionally approved;
- (II) the aggregate number of shares of the Company which the Company is authorised to purchase pursuant to the approval in sub-paragraph (I) of this resolution shall not exceed 10 per cent. of the aggregate number of issued shares of the Company on the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(III) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (c) the revocation or variation of the authority set out in this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**THAT** the directors of the Company be and are hereby authorised to exercise the powers of the Company referred to in paragraph (I) of the resolution set out as resolution (5)(A) in the notice of the meeting of which this resolution forms a part in respect of the number of shares of the Company referred to in sub-paragraph (bb) of paragraph (III) of such resolution.”

(6) To transact any other ordinary business of the Company.

By Order of the Board

Glorious Sun Enterprises Limited

Hoi Siu Ling

Company Secretary

Hong Kong, 22 April 2025

Principal Place of Business:

38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

3. The register of members of the Company will be closed from Wednesday, 14 May 2025 to Monday, 19 May 2025, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 13 May 2025.
4. The register of members of the Company will also be closed from Friday, 23 May 2025 to Tuesday, 27 May 2025, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 22 May 2025.
5. In relation to agenda item No. (3)(A) in this notice regarding election of directors, Mr. Yeung Chun Fan, Mr. Hui Chung Shing, Herman and Mr. Lau Hon Chuen, Ambrose will retire from office by rotation at the forthcoming annual general meeting of the Company pursuant to bye-law 110(A) of the Company's Bye-laws and, being eligible, offer themselves for re-election.

To ensure that the Board of Directors (the "Board") has a balance of skills, knowledge, experience and diversity of perspectives appropriate to the Company's business needs and development, the Nomination Committee reviews the structure, size and composition of the Board annually and forms its recommendations to the Board on the proposals on re-election of the retiring Directors, with due regard to the board diversity policy of the Company.

Mr. Lau Hon Chuen, Ambrose has given the Company a confirmation of his independence. The Nomination Committee has assessed the independence of Mr. Lau. The Board has considered that Mr. Lau has met the independence criteria set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Other details of Mr. Lau are set out in paragraph 8.3 below. Based on the biographical details disclosed to the Company, Mr. Lau does not hold seven or more listed company directorships and he continues to demonstrate his commitment to his role with the Company.

Mr. Lau has confirmed that he is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries, and that he himself and the law firm acted for the Company, its related or connected companies or persons. The Board, after considering the view of the Nomination Committee, considered that the amounts involved for the services provided were insignificant, and the services received from Mr. Lau and the law firm were in the ordinary course of business and on normal commercial terms and would in no way affect the independence of Mr. Lau. Accordingly, the Board has confirmed that Mr. Lau is independent of the Company.

The Nomination Committee also believes that Mr. Lau being a solicitor of the High Court of Hong Kong has extensive knowledge of legal matters and having the considerable experience in the public sector and boards of listed companies, would contribute continuous improvement on internal control and corporate governance matters of the Company. The Nomination Committee is of the view that he contributes to the diversity of the Board. Accordingly, the Board considers that the re-election of Mr. Lau as an independent non-executive director of the Company is in the interests of the Company notwithstanding that he has served in such capacity for more than nine years.

The Board, with the recommendation of the Nomination Committee, has nominated Mr. Lau Hon Chuen, Ambrose for re-election as an independent non-executive director of the Company at the forthcoming annual general meeting.

6. The biographical details and length of service with the Company of all the directors who stand for re-election at the forthcoming annual general meeting are set out in the "Directors' and Senior Management's Biographies" contained in this annual report.
7. The amount of emoluments paid for the year ended 31 December 2024 to each of the directors who stands for re-election at the forthcoming annual general meeting is set out in note 8 to the financial statements in this annual report and the basis of determining such emoluments is set out in the "Emolument policy" section in the Report of the Directors contained in this annual report.

NOTICE OF ANNUAL GENERAL MEETING

8. Other biographical details of each of the directors who stands for re-election at the forthcoming annual general meeting are set out below to enable shareholders to make an informed decision on their re-elections. Save for the information set out in this paragraph 8 and in paragraphs 5 to 7 above, there is no information to be disclosed pursuant to any requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of shareholders in respect of the directors who stand for re-election at the forthcoming annual general meeting.

8.1 Yeung Chun Fan, BBS, aged 72, is an executive director of the Company, a brother of Dr. Charles Yeung, the spouse of Ms. Cheung Wai Yee and an uncle of Ms. Yeung Yin Chi, Jennifer. Mr. Yeung Chun Fan's interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") are set out in the "Directors' interests and short positions in securities" section in the Report of the Directors contained in this annual report and remain unchanged as at 10 April 2025, being the latest practicable date prior to the printing of this notice (the "latest practicable date").

Mr. Yeung was a director of the following companies:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reason for dissolution
Generra Sportswear Company, Inc.	USA	Sportswear	2 July 1992/ 1995	Bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code	Cessation of business
Generra Sportswear (HK) Limited	Hong Kong	Sportswear	2 July 1992/ 13 September 2002	Striking off	Cessation of business
Generra Production Corporation	USA	Sportswear	2 July 1992/ 1994	Bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code	Cessation of business
Sino Lucky Management Limited	British Virgin Islands	Provision of management services	Not applicable/ 1 November 2017	Striking off	Cessation of business
Quiksilver Glorious Sun Fashion Garment Mfy. (Longmen) Limited (旭日極速製衣廠(龍門)有限公司) [®]	Mainland China	Manufacture of apparel	1 November 2017/ 27 April 2018	Dissolution by resolutions of the company	Cessation of business
Suzhou Industrial Park Famebish Apparels Limited (蘇州工業園區爵柏服飾有限公司) [®]	Mainland China	Apparel	28 October 2013/ 8 May 2018	Dissolution by resolutions of the company	Cessation of business

NOTICE OF ANNUAL GENERAL MEETING

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reason for dissolution
Suzhou Industrial Park Fenfei Apparels Limited (蘇州工業園區芬菲服飾有限公司) [®]	Mainland China	Apparel	23 October 2018/ 30 January 2019	Dissolution by resolutions of the company	Cessation of business
Rihong Trading (Zhuhai) Limited (日宏貿易(珠海)有限公司) [®]	Mainland China	Not yet commenced business	3 January 2019/ 3 April 2019	Dissolution by resolutions of the company	Cancellation of a proposed business
Advancetex Fashion Garment Mfy. (Longmen) Limited (大進製衣廠(龍門)有限公司) [®]	Mainland China	Manufacture of apparel	5 June 2019/ 26 July 2019	Dissolution by resolutions of the company	Cessation of business
Taizhou Famebish Apparels Limited (泰州爵柏服飾有限公司) [®]	Mainland China	Apparel	27 February 2019/ 30 September 2019	Dissolution by resolutions of the company	Cessation of business
Happy Rich Group Limited	British Virgin Islands	Not yet commenced business	Not applicable/ 1 November 2019	Striking off	Cancellation of a proposed business
Rays The Glorious Investment (BVI) Limited	British Virgin Islands	Investment holding	Not applicable/ 1 November 2019	Striking off	Cessation of business
Silver Gain Limited	British Virgin Islands	Investment	Not applicable/ 1 November 2019	Striking off	Cessation of business
Anhui Jeanswest Apparels Limited (安徽真維斯服飾有限公司) [®]	Mainland China	Apparel	12 October 2019/ 19 December 2019	Dissolution by resolutions of the company	Cessation of business
Suzhou Industrial Park Mofeel Apparels Limited (蘇州工業園區菲爾服飾有限公司) [®]	Mainland China	Apparel	23 September 2019/ 21 January 2020	Dissolution by resolutions of the company	Cessation of business
GS Kenneth Fashion Design (Huizhou) Company Limited (旭日肯尼斯服裝設計(惠州)有限公司) [®]	Mainland China	Fashion design	30 August 2019/ 9 May 2020	Dissolution by resolutions of the company	Cessation of business

NOTICE OF ANNUAL GENERAL MEETING

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reason for dissolution
Famebish Industrial and Trading (Huizhou) Limited (爵柏工貿(惠州)有限公司) [®]	Mainland China	Trading	25 May 2019/ 17 July 2020	Dissolution by resolutions of the company	Cessation of business
GS Australia Pty Ltd	Australia	Investment holding	Not applicable/ 10 February 2021	Deregistration	Cessation of business
GS Corp Services Pty Ltd	Australia	Provision of management services	Not applicable/ 10 February 2021	Deregistration	Cessation of business
JW Wholesale Pty Ltd	Australia	Apparel	Not applicable/ 10 February 2021	Deregistration	Cessation of business
JWI (A) Pty Ltd	Australia	Investment holding	Not applicable/ 10 February 2021	Deregistration	Cessation of business
G S Australasia Pty Ltd	Australia	Investment holding	Not applicable/ 24 February 2021	Deregistration	Cessation of business
Gennon International (Singapore) Pte Limited	Singapore	Investment holding	Not applicable/ 4 May 2021	Deregistration	Cessation of business
Wuhan Changhong Building Decoration and Engineering Co., Limited (武漢市常宏建築裝飾工程有限責任公司) [®]	Mainland China	Decoration	9 April 2021/ 12 May 2021	Dissolution by resolutions of the company	Cessation of business
Jiangsu Jeanswest Apparels Limited (江蘇真維斯服飾有限公司) [®]	Mainland China	Apparel	18 August 2021/ 6 December 2021	Dissolution by resolutions of the company	Cessation of business
Fujian Jeanswest Apparels Limited (福建真維斯服飾有限公司) [®]	Mainland China	Apparel	1 December 2021/ 24 February 2022	Dissolution by resolutions of the company	Cessation of business

NOTICE OF ANNUAL GENERAL MEETING

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reason for dissolution
Shandong Jeanswest Apparels Limited (山東真維斯服飾有限公司) [@]	Mainland China	Apparel	23 July 2021/ 21 March 2022	Dissolution by resolutions of the company	Cessation of business
Goldpromise Limited	British Virgin Islands	Investment	Not applicable/ 1 May 2022	Striking off	Cessation of business
Jeanswest Apparels (Guangdong) Limited (真維斯服飾(廣東)有限公司) [@]	Mainland China	Apparel	4 May 2022/ 21 June 2022	Dissolution by resolutions of the company	Cessation of business
Mofeel Apparels (Huizhou) Limited (菲爾服飾(惠州)有限公司) [@]	Mainland China	Apparel	4 May 2022/ 21 June 2022	Dissolution by resolutions of the company	Cessation of business
Shanghai Jeanswest Apparels Limited (上海真維斯服飾有限公司) [@]	Mainland China	Apparel	7 June 2022/ 30 September 2022	Dissolution by resolutions of the company	Cessation of business
Advancetex Trading (Huizhou) Limited (大進貿易(惠州)有限公司) [@]	Mainland China	Apparel	13 March 2023/ 27 April 2023	Dissolution by resolutions of the company	Cessation of business
Tianjin Jeanswest Apparels Limited (天津市真維斯服飾有限公司) [@]	Mainland China	Apparel	21 August 2024/ 24 September 2024	Dissolution by resolutions of the company	Cessation of business

[@] Official names of these companies are in Chinese. English names of the companies are included for identification purpose only.

Mr. Yeung was a non-executive director of (i) Generra Sportswear Company, Inc., a company incorporated in Washington, USA (a corporate structure inclusive of (ii) Generra Sportswear (HK) Limited, a company incorporated in Hong Kong and (iii) Generra Production Corporation, a corporation incorporated in Washington, USA). At all material times Mr. Yeung had no duty in the day-to-day operations of Generra Sportswear Company, Inc. On 2 July 1992, proceedings under Chapter 11 of the United States Bankruptcy Code were instituted and Generra Sportswear Company, Inc. was administratively dissolved in 1995, Generra Sportswear (HK) Limited was dissolved on 13 September 2002 and Generra Production Corporation was dissolved in 1994. So far, no allegation has been made against Mr. Yeung in Generra Sportswear Company, Inc. for fraud, negligence or any conduct of dishonesty.

NOTICE OF ANNUAL GENERAL MEETING

- 8.2 Hui Chung Shing, Herman, GBS, MH, JP, aged 74, is an executive director of the Company and his interests in the shares of the Company within the meaning of Part XV of the SFO are set out in the “Directors’ interests and short positions in securities” section in the Report of the Directors contained in this annual report and remain unchanged as at the latest practicable date.

Mr. Hui was a director of the following companies:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reason for dissolution
Generra Sportswear Company, Inc.	USA	Sportswear	2 July 1992/ 1995	Bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code	Cessation of business
Generra Sportswear (HK) Limited	Hong Kong	Sportswear	2 July 1992/ 13 September 2002	Striking Off	Cessation of business
Generra Production Corporation	USA	Sportswear	2 July 1992/ 1994	Bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code	Cessation of business
Sino Lucky Management Limited	British Virgin Islands	Provision of management services	Not applicable/ 1 November 2017	Striking Off	Cessation of business
Quiksilver Glorious Sun Fashion Garment Mfy. (Longmen) Limited (旭日極速製衣廠(龍門)有限公司)*	Mainland China	Manufacture of apparel	1 November 2017/ 27 April 2018	Dissolution by resolutions of the company	Cessation of business
Rays The Glorious Investment (BVI) Limited	British Virgin Islands	Investment holding	Not applicable/ 1 November 2019	Striking Off	Cessation of business

* The official name of this company is in Chinese. The English name of the company is included for identification purpose only.

Mr. Hui was a non-executive director of (i) Generra Sportswear Company, Inc. (a corporate structure inclusive of (ii) Generra Sportswear (HK) Limited and (iii) Generra Production Corporation). These three companies were dissolved as disclosed in paragraph 8.1 above. At all material times Mr. Hui had no duty in the day-to-day operations of Generra Sportswear Company, Inc. and so far, no allegation has been made against Mr. Hui in that company for fraud, negligence or any conduct of dishonesty.

- 8.3 Lau Hon Chuen, GBS, JP, alias Ambrose Lau, aged 77, is an independent non-executive director of the Company. Mr. Lau is also a director of Yuexiu Property Company Limited, Yuexiu Transport Infrastructure Limited and Joy City Property Limited. Mr. Lau’s interests in the shares of the Company within the meaning of Part XV of the SFO are set out in the “Directors’ interests and short positions in securities” section in the Report of the Directors contained in this annual report and remain unchanged as at the latest practicable date.

9. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CHAIRMAN'S STATEMENT



RESULTS

Despite the many geopolitical twists and turns over the past year, global economic conditions remained generally stable. The economic environment was more resilient than markets expected. As inflation remained moderate, the US Federal Reserve and other major central banks continued to cut interest rates, and global stock markets were benefited. In addition to the strong upward trend of the US stock market, the Hang Seng Index returned 18% last year. It was the best annual performance since 2018. Since Trump was re-elected as the President of the United States, he continued implementing relevant policies with “America First”, including trade tariffs against different countries and tightening immigration policies. His remarks heightened the uncertainty risk in global politics. As protectionism spread, international trade and supply chains were affected, and the trend of “de-globalization” was expected to continue. On the other hand, the “great integration” of China’s Guangdong-Hong Kong-Macao Greater Bay Area was gradually taking shape. This cross-regional living and working model also accelerated economic, living and cultural exchanges among the three places.

In 2024, China’s economic growth was 5%, slightly slower than in 2023. Although the Mainland’s real estate, consumption and exports were still weak, and facing external unstable factors such as global trade protectionism and the China-US trade war, the central government expanded exports and investment to non-US markets including Europe and Southeast Asia to offset the negative impact from Trump’s tariff policies. The Mainland central government implemented various economic stimulus plans to boost consumption and stabilised foreign trade, from lowering interest rates, relaxing real estate policies, and providing diversified financial support. The central government emphasised the sustainability and effectiveness of the measures. China currently has the world’s largest trade surplus, which reached about US\$1 trillion last year. In addition, China’s national debt was at a low level. We believed that other targeted policies would be introduced in the future.

In Hong Kong, foreign trade and economic growth still faced many challenges due to the impact of the Mainland’s economy and international geopolitics. The “great integration” between Hong Kong and the Greater Bay Area was accelerating. In addition to the habit of Hong Kong people going to Mainland for consumption, Shenzhen resumed the “Multiple-entry Endorsement” policy, allowing more than 10 million Mainland residents to visit Hong Kong at any time, bringing considerable impetus to the local economy and accelerating the integration of residents from different regions into each other’s living circles. Hong Kong was in a period of economic transformation. Enterprises had to learn to adapt to changes and actively adjust their strategies to remain successful.

The Group adhered to the strategy set last year, continued to implement “persistence in high-quality development” and firmly pursued “effectivism”, focusing on core businesses, doing what we could, and concentrating resources, time and energy on the most effective and potential businesses. Over the past year, we diligently deepened each business and restructured our investment portfolio to deliver satisfactory returns to our shareholders.

CHAIRMAN'S STATEMENT

Last year, as the global interest rate cut cycle began and Mainland consumption slowed down, the Group's turnover for the year was HK\$910,170,000, which grew by 10.83% compared with the previous year. The Group invested in high-quality, high-yield blue-chip stocks and fixed time deposits resulting in substantial returns. Therefore, the attributable profit to shareholders was HK\$61,380,000, increased by 40.75% compared with the previous year.

The following are the primary operating data of the Group during the year under review:

	2024	2023	Change
(Unit: HK\$'000)			
Consolidated revenue	910,170	821,237	+10.83%
of which:			
A. Financial investments	194,385	49,715	+291.00%
B. Interior decoration and renovation	377,891	468,726	-19.38%
C. Export operations	281,355	244,313	+15.16%
D. Hong Kong retailing and overseas franchising	56,296	58,291	-3.42%
Profit attributable to ordinary equity holders of the Company	61,380	43,610	+40.75%
(Unit: HK cents)			
Earnings per share (basic)	4.06	2.86	+41.96%
Dividend per share			
– Final	5.80	4.80	+20.83%
– Total	9.80	6.80	+44.12%

	As at 31 December 2024	As at 31 December 2023	Change
(Unit: HK\$'000)			
Net cash and near cash in hand*	2,968,709	2,488,966	+19.27%

* "Net cash and near cash in hand" consists of debt investments at amortised cost after impairment provision, listed equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, time deposit with original maturity of over three months when acquired, cash and cash equivalents, net of interest-bearing bank borrowings.

DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK5.80 cents (2023: HK4.80 cents) per share for the year ended 31 December 2024 at the forthcoming annual general meeting to be held on Monday, 19 May 2025. The final dividend amounting to approximately HK\$87,158,000, if approved by the shareholders of the Company, will be paid on Tuesday, 10 June 2025, to those shareholders whose names appear on the register of members of the Company on Tuesday, 27 May 2025.

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESSES

Financial Investments

Regarding the Group's financial investment, Trump's return to the White House with his unpredictable policy stance created uncertainty in the global economy. The outcome of Hong Kong stocks in the year to come will depend on the effectiveness of the central government's economic policies and the relationship between China and the US. Fortunately, the Group invested in high-quality and high-yield domestic bank stocks at the time when the stock market was at the low level. These investments are expected to contribute stable and handsome dividend income to protect shareholder returns. At the same time, we will continue to look for more suitable investment opportunities.

At the beginning of the year under review, the Group's securities investment portfolio was HK\$766,375,000. Because of the holdings of blue-chip stocks and the income from the US Dollar bond, for the year ended 31 December 2024, the total income of the financial investment business was HK\$194,385,000 (2023: HK\$49,715,000), showing an increase of 291.00% over the same period last year. As at 31 December 2024, the Group's securities investment holding had a net carrying amount of HK\$1,715,955,000.

Interior Decoration and Renovation

The Group adhered to the "continuing to implement high-quality development" policy and strived to build an efficient process-oriented organisation of "simplifying with precision and taking responsibility for symbiosis". Also, we optimised customer structure and services, insisted on being customer-centric, continued to provide customers with high-quality services, and were rewarded by customers. Last year, we won the Huawei China Terminal "Supply Assurance Award" and the Honor's Marketing and Service Category "Quality Management Gold Award". The business focused on the commercial store and exhibition industries, realising digital customer service and improved supply chain management efficiency.

For the year ended 31 December 2024, the total turnover of the interior design and decoration business was HK\$377,891,000 (2023: HK\$468,726,000), representing a drop of 19.38% compared with last year.



Changhong offered interior design solution to Shijiazhuang Hanlin School

CHAIRMAN'S STATEMENT

Export Operations

The export operations of the Group were mainly composed of “import & export trading” and “design center”. For import & export trading, we were committed to promoting big data management systems, quality monitoring and supply chain. Also, we effectively promoted the development of brands in the direction of high technology and high quality. The design center’s primary market was still the US. Although overall US consumption remained weak, customer inventories improved significantly over the past two years. In addition, the products recently launched by the business were well received, resulting in good sales contributions. We anticipated that the business would continue to grow in the future.

For the year ended 31 December 2024, the total export turnover rose from HK\$244,313,000 last year to HK\$281,355,000, representing an increase of 15.16%.



Our export business offers a total value-added package to serve customers' needs



Hong Kong Retailing and Overseas Franchising

Hong Kong’s retail market was affected by changes in local consumption patterns, and sales performance remained fragile. As the reduction in operating costs failed to offset the impact of declining sales, the strategy was to adopt a prudent operating approach and flexible leasing conditions to maintain store scale. Regarding overseas franchise business, physical store operations faced heavy operational challenges because of price and product competition from Mainland e-commerce platforms and geopolitical issues, negatively impacting franchisees’ business growth. During the year, the total turnover was HK\$56,296,000 (2023: HK\$58,291,000), representing a decrease of 3.42%.

CHAIRMAN'S STATEMENT

FINANCIAL POSITION

Liquidity and Financial Resources

During the year, the financial position of the Group was solid. As at 31 December 2024, the Group held net cash and near cash in hand of HK\$2,968,709,000 (31 December 2023: HK\$2,488,966,000).

As of 31 December 2024, the Group held cash and cash equivalents of HK\$1,201,518,000 (31 December 2023: HK\$1,703,918,000), of which US dollars accounted for 75.04%, Hong Kong dollars accounted for 9.32%, and RMB accounted for 15.63% (31 December 2023: US dollars accounted for 89.37%, Hong Kong dollars accounted for 5.41%, and RMB accounted for 5.21%). The Group had no bank borrowings (31 December 2023: HK\$14,175,000, which were RMB bank loans with fixed interest rates).

The Group had neither material capital commitment nor contingent liabilities as of 31 December 2024.

Financial investments held

The significant investments held by the Group were debt instruments and stocks of listed companies. On 31 December 2024, the net carrying amount of the Group's investments was HK\$1,715,955,000 (31 December 2023: HK\$766,375,000), an increase of HK\$949,580,000. The change in total investments was mainly due to the acquisitions and disposals of blue-chip high-yield stocks with net increase of investment costs of approximately HK\$713,954,000, the net increase of fair value gains on the stock investments by approximately HK\$393,510,000, and the impact of additional impairment provisions for bonds.

HUMAN RESOURCES

As of 31 December 2024, the Group employed 413 members of staff (31 December 2023: 464). Furthermore, incentives were granted to employees depending on the Group's overall and employees' individual performance.

SOCIAL RESPONSIBILITY

It was the commitment of the Management that while maximising returns for shareholders, the Group would take up its social responsibilities. The Group adhered to the tenet of "Keep personal virtues when in distress and benefit the public when in power". We focused on implementing "helping people in crisis". We demanded our sub-contractors to adhere strictly to stringent environmental protection policies and regulations in their production process as well. We also supported and sponsored charitable activities to serve the society.

PROSPECTS

It is expected that the US government will continue to push along the strategy of "America First". The world will inevitably face the aftereffects of "deglobalisation" and the current geopolitical situation is most challenging in recent years. We have to identify and isolate risks in the present political environment. The Chinese social media platform TikTok is in danger of being banned in the US and the outcome is still unknown. Unexpectedly, hundreds of thousands of "TikTok refugees" in America have moved to another platform, RedNote. Today, Western users are actively entering the Chinese cyber world. This phenomenon, in turn, encourages more exchanges among the people, promotes mutual understanding, and helps telling China's story well. It has been a positive progress in many Chinese politics and cultural aspects.

CHAIRMAN'S STATEMENT

Hong Kong's future still faces many challenges from economic and political issues. However, we believe that the "Lion Rock Spirit" can overcome the current difficulties. Various facilities have been opened last year in the Kai Tak area overlooking the Lion Rock. The Kai Tak Development Area, which runs approximately 2,000 metres from north to south, includes public and private housing, Kai Tak Sports Park, complex buildings, and retail landmarks for lifestyle. It is Hong Kong's first development area embracing culture, community and sports. Since the end of last year, there has been a constant flow of people in the Kai Tak District. Kai Tak is gradually becoming a new landmark in Hong Kong and a new attraction to attract foreign tourists. Hong Kong is in a period of economic transformation. We will benefit from adapting to changes and proactively responding to adjustments.

Combining the domestic and international situation, the Group's strategy for 2025 is "fully implement high-quality development". The Group has adhered to the "high-quality development" goal since five years ago. We are persevering "results-oriented", focusing on core business, seeking truth from facts, and acting within our capabilities. We concentrate human resources, money, time and energy on the most profitable and promising businesses and continue to close, stop, merge and transform all unproductive companies and businesses. We also constantly maintain and enhance our competitiveness, aiming for comprehensive, sustainable, high-quality development and expecting to deliver better returns for shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the shareholders for their support, and to the Management and staff for their dedicated efforts.

Dr. Charles Yeung, GBS, JP
Chairman

Hong Kong, 27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's revenue increased by 10.83% to HK\$910,170,000 (2023: HK\$821,237,000). The Group recorded a profit attributable to the shareholders of the Company amounting to HK\$61,380,000 (2023: HK\$43,610,000), representing an increase of 40.75%.

For the year ended 31 December 2024, while the segment result of the retail, franchise and others declined by HK\$1,006,000 compared with that of last year, the performance of the other three segments has a significant increase of HK\$105,793,000. The increase in profits was mainly attributable to the combined effects of the following factors: a substantial rise in dividends income of HK\$147,298,000, an enhancement in the gross profit margin and reversal of expected credit losses relate to trade receivables in the interior decoration and renovation segment, and an increase sale orders in the export operation, offset by a rise in expected credit losses of HK\$61,718,000 on debt investments at amortised cost.

DIVIDENDS

The Board has recommended a final dividend of HK5.80 cents (2023: HK4.80 cents) per share for the year ended 31 December 2024. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the final dividend, the total dividend amount for 2024 will be approximately HK\$147,555,000 (2023: HK\$103,137,000) which is 240.40% of the profit attributable to the shareholders of the Company for the year. Management is confident that there are sufficient funds in the business for the investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had net current assets of HK\$1,032,790,000 (31 December 2023: HK\$1,574,368,000) as at 31 December 2024, including cash and cash equivalents of HK\$1,201,518,000 (31 December 2023: HK\$1,703,918,000). As at 31 December 2024, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$187,813,000 (31 December 2023: HK\$88,827,000).

The current ratio decreased from 3.40 times as at 31 December 2023 to 2.32 times as at 31 December 2024. The gearing ratio as at 31 December 2024, as measured by total bank borrowings divided by the total shareholder's equity plus total bank borrowings, was nil (31 December 2023: 1%).

With plenty of cash and cash equivalents as well as available banking facilities, management believes that the Group has sufficient resources to satisfy its working capital requirement.

BORROWINGS, GUARANTEES AND CHARGES ON ASSETS

The Group had no bank borrowings as at 31 December 2024 (31 December 2023: denominated in RMB of HK\$14,175,000 guaranteed by corporate guarantees with the fixed rate bank borrowing).

As at 31 December 2024, the net carrying amount of the Group's land and buildings was HK\$3,498,000 (31 December 2023: HK\$4,009,000). These assets were neither charged nor pledged to any bank borrowings as at 31 December 2024 and 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent treasury policy in liquidity and financial management. Surplus cash is generally placed in fixed deposits and borrowings are arranged when considered appropriated. Financial resources are under close monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to cater for the Group's operation needs in the foreseeable future.

CAPITAL STRUCTURE

As at 31 December 2024, the authorised share capital of the Company was HK\$600,000,000 divided into 6,000,000,000 shares of HK\$0.10 each, of which 1,510,240,000 (31 December 2023: 1,522,644,000) shares had been issued and fully paid. The decrease in the number of shares was due to cancellation of 12,404,000 treasury shares of the Group during the year.

COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION

The Group did not have any material capital commitments, material contingent liabilities nor any litigation against the Group as at 31 December 2024.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES

The Group has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the unit's functional currencies, mostly in United States dollars and Renminbi. In addition, the Group has currency exposure from debt investments at amortised cost and bank deposits, which are also in United States dollars and Renminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement if necessary.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents and interest-bearing bank borrowings with floating interest rates. The Group manages its interest cost using a mix of fixed and variable rate debts.

SIGNIFICANT INVESTMENTS HELD

Management maintains a prudent investment attitude since there were many uncertainties in the investment outlook, including geopolitical conflicts in Europe and the Middle East, escalating US-China trade tension and weak local consumption in the People's Republic of China (the "PRC"). We increased our holdings of blue-chip high-yield stocks as long-term investments for stable dividend purpose.

The Group held financial assets being classified as financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss and debt investments at amortised cost as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through other comprehensive income (“FVOCI”)

The financial assets at FVOCI were held for long-term strategic purposes. As at 31 December 2024, the investments consisted of listed and non-listed equity investments with amount of HK\$1,679,490,000 (31 December 2023: HK\$576,054,000), representing 47.13% (31 December 2023: 18.87%) of the Group’s total assets. The listed investments comprised high-yield bank stocks listed in Hong Kong and were expected to provide stable dividend income to the Group. The Group recognised other comprehensive gain of HK\$459,840,000 (2023: HK\$4,514,000) arising on changes in fair value of the investments. Dividends income for the year ended 31 December 2024 was HK\$163,755,000 (2023: HK\$16,497,000).

Details of the financial assets at fair value through other comprehensive income held were as follows:

Name of investee company	As at 31 December 2024				As at 31 December 2023		For the year ended 31 December 2024	
	Number of shares held	Percentage of issued share capital owned by the Group %	Percentage to the Group’s total assets %	Investment cost HK\$’000	Fair value HK\$’000	Fair value HK\$’000	Dividends received/receivables HK\$’000	Fair value gain recognised in other comprehensive income HK\$’000
China Construction Bank Corporation (“CCB”)	110,116,000	0.04404%	20.02%	536,875	713,552	369,675	71,934	207,083
Industrial and Commercial Bank of China Limited (“ICBC”)	127,963,000	0.03590%	18.71%	518,691	666,687	154,454	62,995	179,096
Bank of China Limited (“BOC”)	72,824,000	0.02474%	8.11%	213,633	289,111	38,740	28,377	72,280
BOC Hong Kong (Holdings) Limited (“BOC HK”)	262,000	0.00248%	0.18%	6,459	6,537	5,555	449	982
Total listed in Hong Kong			47.02%	1,275,658	1,675,887	568,424	163,755	459,441
Unlisted			0.11%	8,152	3,603	7,630	-	399
Total			47.13%	1,283,810	1,679,490	576,054	163,755	459,840

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the issuers of the listed shares are as follows:

Stock short name	Stock code	Principal business
CCB	00939.HK, 601939.SH	Corporate and personal banking services, treasury and asset management services, and other financial services
ICBC	01398.HK, 601398.SH	Corporate and personal financial services, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services
BOC	03988.HK, 601988.SH	Corporate and personal banking, treasury operations, investment banking, insurance and other financial services
BOC HK	02388.HK	Corporate and personal banking, treasury operations, insurance and other financial services

A summary of movements in the financial assets at fair value through other comprehensive income held by the Group during the reporting year were as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	576,054	103,405
Acquisitions	1,047,078	468,385
Gain arising on changes in fair value	459,840	4,514
Disposals	(403,403)	–
Exchange realignment	(79)	(250)
Carrying amount at 31 December	1,679,490	576,054

During the year ended 31 December 2024, the Group acquired and disposed listed equity securities through the open market. Details of the material acquisitions and disposals were set out in the announcements of the Company dated 16 January 2024, 17 January 2024, 25 January 2024, 30 January 2024, 11 April 2024, 5 December 2024 and 6 December 2024 and the circulars of the Company dated 5 February 2024, 3 May 2024 and 24 January 2025.

Financial asset at fair value through profit or loss (“FVPL”)

As at 31 December 2024, financial assets at fair value through profit or loss consisted of listed and non-listed investments with amount of HK\$51,874,000 (31 December 2023: HK\$33,393,000), representing 1.46% (31 December 2023: 1.09%) of the Group's total assets. The listed investment consisted of Hong Kong property stock listed in Hong Kong amount of HK\$638,000 (31 December 2023: HK\$784,000). The non-listed investments of HK\$51,236,000 (31 December 2023: HK\$32,609,000) were structured deposits and wealth management products based on the redemption values quoted by banks in Mainland China with reference to the expected return of the underlying assets. The Group recognised gain of HK\$1,358,000 (2023: HK\$363,000) arising on changes in fair value of the investments. Dividends received for the year ended 31 December 2024 was HK\$40,000 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Debt investments at amortised cost

The debt investments at amortised cost of the Group were listed debt investments with maturity and subject to impairment testing. As at 31 December 2024, the net carrying amount of debt investments at amortised cost was HK\$39,430,000 (31 December 2023: HK\$197,167,000), representing 1.11% (31 December 2023: 6.46%) of the Group's total assets. The investments were further classified as non-current portion in the amount of HK\$28,073,000 (31 December 2023: HK\$197,167,000) and current portion of HK\$11,357,000 (31 December 2023: Nil). The significant decrease in net carrying amount of the debt investments was mainly due to the combined effect of increase of expected credit losses amounting to HK\$174,689,000 (2023: HK\$112,971,000) and increase of payment-in-kind interest exchanged into additional principal of HK\$16,952,000 (2023: HK\$32,088,000) during the year.

Details of the debt instruments held were as follows:

Bond issuer and term of instrument	As at 31 December 2024				As at 31 December 2023		For the year ended 31 December 2024		
	Nominal value held US\$'000	Percentage to the Group's total assets %	Investment cost HK\$'000	Fair value HK\$'000	Net carrying amount HK\$'000	Net carrying amount HK\$'000	Interest income HK\$'000	Impairment loss HK\$'000	Exchange gain HK\$'000
Easy Tactic Limited*									
6.50%, due 2025	17,319	0.32%	135,860	5,463	11,357	41,581	8,810	(35,107)	-
6.50%, due 2027	42,811	0.79%	335,845	13,771	28,073	155,586	21,780	(139,582)	-
Total	60,130	1.11%	471,705	19,234	39,430	197,167	30,590	(174,689)	-

* Easy Tactic Limited ("Easy Tactic") is one of the wholly-owned subsidiaries of Guangzhou R&F Properties Co., Ltd. whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 02777.HK). Guangzhou R&F Properties Co., Ltd. and its subsidiaries ("R&F Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the PRC.

R&F Group has paid payment-in-kind interest at 7.50% per annum (the "PIK Interest Rate") instead of cash interest at 6.50% per annum commencing on 12 July 2022 to 11 January 2024. The Group has not yet received the interest of approximately HK\$29,554,000 due on its debt investments calculated at 6.50% cash interest rate from 12 January 2024 to 31 December 2024 as a result of the liquidity pressure faced by the R&F Group. On 16 December 2024, the R&F Group announced its proposed offshore debt restructuring plan which offered multiple options for debtholders to choose according to their investment needs. To facilitate the debtholders who need additional time to consider the proposal and complete the accession process, the accession deadline is extended to 4:00 p.m. London time on 16 May 2025. Up to the date of this report, the restructuring plan had not be approved by eligible debtholders. Management considered that sufficient impairment provision had been provided for the outstanding interest receivables and principal of debt investments.

Save as disclosed above, none of investments in each investee company represented 5% or more of the Group's total assets as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the paragraphs headed “Significant investments held” in this Management Discussion and Analysis, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS

On 24 May 2024, ordinary resolutions were passed at a special meeting of the Company, authorising the Board in advance to acquire CCB Shares and ICBC Shares for an aggregate amount not exceeding HK\$400 million (excluding stamp duty and related expenses) respectively in open market transactions during 12 months from the date of passing of the ordinary resolutions to 23 May 2025 (“Acquisition Mandates”).

During the year ended 31 December 2024, the Group acquired CCB Shares at a consideration (excluding stamp duty and related expenses) of HK\$199,295,100 and ICBC Shares at consideration (excluding stamp duty and related expenses) of HK\$200,990,000 under the Acquisition Mandates. As at 31 December 2024 and up to the date of this report, the Group may further acquire CCB Shares and ICBC Shares at a consideration (excluding stamp duty and related expenses) not exceeding the residual investment limit under the Acquisition Mandates.

Save as disclosed, the Group does not have any future plans for significant investments as at the date of this report.

OUTLOOK

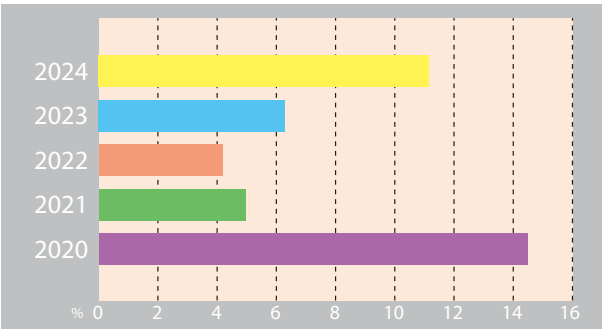
The Group will adhere to its prudent approach and adopt appropriate strategies to mitigate downside risk while seizing opportunities. With emphasis on the market driven and result oriented strategies on operations, management will endeavour to maintain steady businesses development and continue to bring reasonable returns to its shareholders.

FINANCIAL HIGHLIGHTS

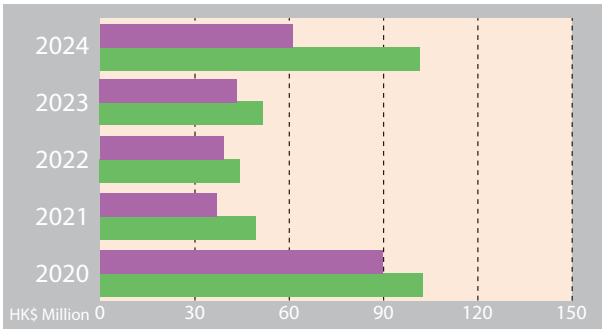
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	910,170	821,237	1,060,681	997,841	707,548
Revenue analysis:					
1. Financial investments	194,385	49,715	42,570	55,059	65,973
2. Interior decoration and renovation	377,891	468,726	701,643	698,844	468,685
3. Export operations	281,355	244,313	268,191	193,693	137,533
4. Hong Kong retailing and overseas franchising	56,296	58,291	48,259	50,223	35,349
5. Other	243	192	18	22	8
Profit attributable to ordinary equity holders of the Company	61,380	43,610	39,229	36,996	90,018
Equity attributable to ordinary equity holders of the Company	2,750,789	2,376,529	2,428,821	2,466,827	2,578,352
Working capital	1,032,790	1,574,368	2,022,583	2,233,100	1,646,325
Return on revenue (%)	6.74	5.31	3.70	3.71	12.72
Operating margin (%)	11.18	6.31	4.20	4.97	14.52
Return on total assets (%)	1.72	1.43	1.26	1.12	2.86
Return on equity (%)	2.23	1.84	1.62	1.50	3.49
Current ratio (times)	2.32	3.40	4.01	3.85	4.18
Gearing ratio (times)	–	0.01	0.02	0.01	0.01
Earnings per share (HK cents)					
Basic	4.06	2.86	2.57	2.40	5.89
Diluted	4.06	2.86	2.57	2.40	5.89
Dividend per share (HK cents)	9.80	6.80	6.00	6.00	6.00

FINANCIAL HIGHLIGHTS

OPERATING MARGIN OPERATIONS (AFTER FINANCE COSTS)

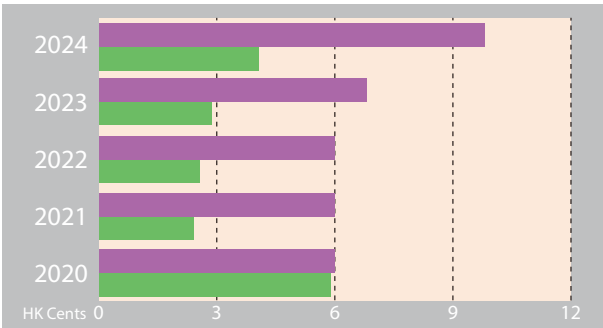


OPERATING PROFIT AND PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY



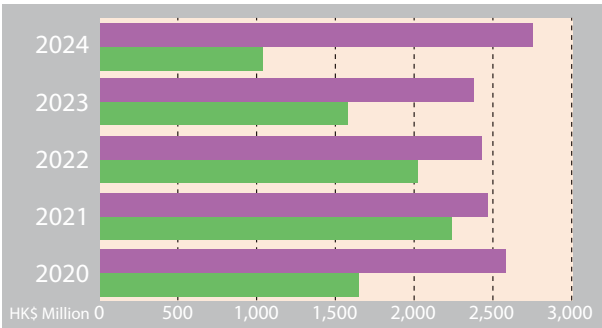
■ Profit attributable to ordinary equity holders of the Company
■ Operating profit (after finance costs)

BASIC EARNINGS PER SHARE AND DIVIDEND PER SHARE



■ Dividend per share
■ Basic earnings per share

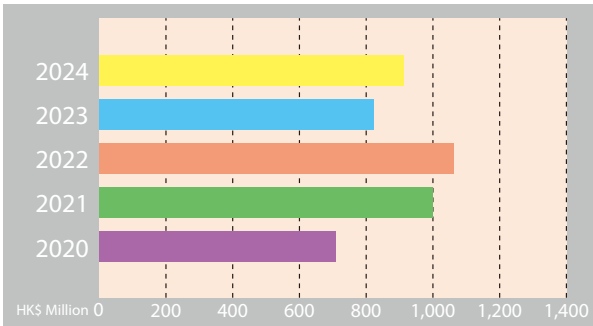
WORKING CAPITAL AND EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY



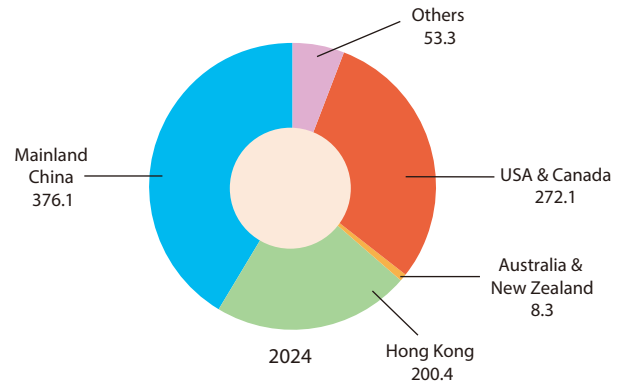
■ Equity attributable to ordinary equity holders of the Company
■ Working capital

FINANCIAL HIGHLIGHTS

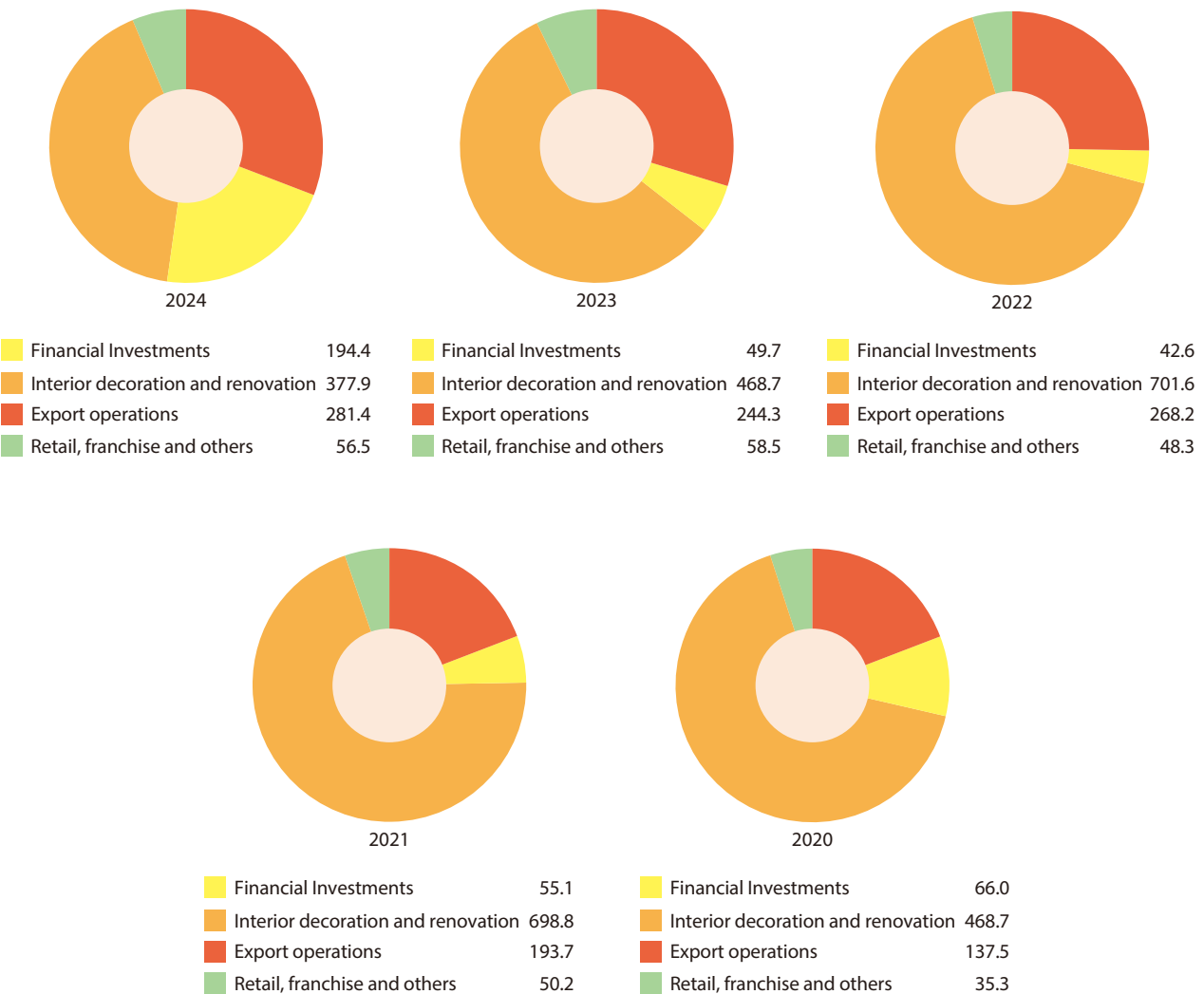
REVENUE (HK\$Million)



REVENUE BY GEOGRAPHICAL LOCATIONS (HK\$Million)



TURNOVER BY ACTIVITIES (HK\$Million)



DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS

Dr. YEUNG Chun Kam, GBS, JP, alias Charles YEUNG, aged 78, is the founder and Chairman of the Group. He is responsible for the Group's business strategies. Dr. Yeung has over 50 years of experience in the garment industry. He was an awardee of the "Young Industrialist Award of Hong Kong" in 1991 and was conferred an honorary doctorate degree by the China Textile University in 1993 and an honorary fellow by The Professional Validation Council of Hong Kong Industries in 2002. Dr. Yeung served as a Member of the 9th, 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference, the 48th and 49th Chairman of The Chinese General Chamber of Commerce and is a Life Honorary Chairman of The Chinese General Chamber of Commerce. Dr. Yeung is a brother of Mr. Yeung Chun Fan, an uncle of Ms. Yeung Yin Chi, Jennifer. Dr. Yeung is also a director and shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company (as disclosed in the "Substantial shareholders" section in the Report of the Directors contained in this annual report).

YEUNG Chun Fan, BBS, aged 72, is the Vice-chairman and General Manager of the Group which he joined in 1975. He has over 45 years of experience in the garment industry. Mr. Yeung is an Honorary Fellow Member of the Hong Kong Institution of Textile and Apparel, the Chairman of The Hong Kong General Chamber of Textiles, a Member of the Board of Trustees and an advisory professor of the Donghua University, an Honorary Trustee and an advisory professor of the Nanjiang University, an advisory professor of the Qingdao University. Mr. Yeung served as a Member of the 13th National Committee of the Chinese People's Political Consultative Conference and is a Vice-chairman of the China Association of Enterprises with Foreign Investment and a Vice-president of the China National Textile and Apparel Council. Mr. Yeung is responsible for the overall business operations and business development of the Group. He is the husband of Ms. Cheung Wai Yee, a brother of Dr. Charles Yeung and an uncle of Ms. Yeung Yin Chi, Jennifer. Mr. Yeung is also a director and shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company (as disclosed in the "Substantial shareholders" section in the Report of the Directors contained in this annual report).

HUI Chung Shing, Herman, GBS, MH, JP, aged 74, is responsible for the strategic planning, legal matters and administrative functions of the Group. Mr. Hui graduated from the University of Hong Kong with a bachelor's degree in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and has also been admitted as a solicitor of the Supreme Court of England and Wales and as a solicitor and barrister of the Supreme Court of Victoria, Australia. Before joining the Group in 1995, Mr. Hui was the Group's external legal advisor. In 2010, he was conferred Honorary Fellow of the Vocational Training Council.

Ms. CHEUNG Wai Yee, aged 73, joined the Group in 1975 and is responsible for the Group's apparel sales and exports to third party customers. Ms. Cheung is the wife of Mr. Yeung Chun Fan.

YEUNG Yin Chi, Jennifer, JP, aged 45, joined the Group in 2011 and has been an Executive Director of the Company since November 2016. Ms. Yeung has many years of experience in the financial investment industry. She is responsible for the Group's financial investment business. Ms. Yeung graduated from the Hong Kong Baptist University with a bachelor's degree in Business Administration. Ms. Yeung is a niece of Dr. Charles Yeung and Mr. Yeung Chun Fan.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS

LAU Hon Chuen, GBS, JP, alias Ambrose LAU, aged 77, has been an Independent Non-executive Director of the Company since March 1997. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr. Lau served as a Standing Committee Member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is currently the senior partner of Messrs. Chu & Lau, Solicitors & Notaries, an independent non-executive director of Yuexiu Property Company Limited, Yuexiu Transport Infrastructure Limited and Joy City Property Limited. He is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Cinda Financial Holdings Co., Limited, Sun Hon Investment And Finance Limited, Wydoff Limited, Wytex Limited, Trillions Profit Nominee & Secretarial Services Limited, Helicoin Limited, Wyman Investments Limited and Pollex Limited. Mr. Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992–1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

Dr. CHAN Chung Bun, Bunny, GBM, GBS, JP, aged 67, has been an Independent Non-executive Director of the Company since June 2019. Dr. Chan was conferred Doctor of Business Administration, honoris causa, by the Open University of Hong Kong in December 2013. He is the Chairman of Prospective Holdings Limited, and has more than 30 years of experience in business and in the garment industry. Dr. Chan is an independent non-executive director of Li Ning Company Limited and MTR Corporation Limited. Dr. Chan was a member of the Council for Sustainable Development from 1 March 2015 to 28 February 2021. Dr. Chan was appointed as Justice of the Peace in 2002 and was awarded the Bronze Bauhinia Star in 2004, the Silver Bauhinia Star in 2009, the Gold Bauhinia Star in 2014 and Grand Bauhinia Medal in 2021 by the Government of the Hong Kong Special Administrative Region.

NG Wing Ka, BBS, JP, alias Jimmy NG, aged 55, has been an Independent Non-executive Director of the Company since June 2019. Mr. Ng holds a Bachelor of Laws degree and a Post-graduate Certificate in Laws from The University of Hong Kong. He is a solicitor admitted to practise in Hong Kong and currently is a partner of Messrs. Tung, Ng, Tse & Lam, Solicitors. He has been appointed as Justice of the Peace in 2015. He is a Legislative Council member representing the Industrial (Second) Functional Constituency. Mr. Ng is an independent non-executive director of Yanchang Petroleum International Limited and MTR Corporation Limited. He has also been appointed as an independent non-executive director of CATALO Natural Health Science Limited since 1 September 2024. Mr. Ng is the chairman of HKSAR Passports Appeal Board and Hong Kong–Taiwan Business Cooperation Committee, a Vice-chairman of Independent Police Complaints Council, a director of Hong Kong Science and Technology Parks Corporation, and a non-executive director of The Hong Kong Mortgage Corporation Limited. He is also a member of the Competition Commission, the Court and the Council of The University of Hong Kong, HKSAR Election Committee, the National People's Congress of the People's Republic of China and the Chinese People's Political Consultative Conference of Shaanxi Province, the People's Republic of China.

CHOI Tak Shing, Stanley, JP, aged 48, has been an Independent Non-executive Director of the Company since June 2021. Mr. Choi graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree. He also obtained a Bachelor of Laws degree from the University of London, and a Master of Business Administration degree from the Hong Kong University of Science & Technology. Mr. Choi is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He is a director and chief investment officer of Pacific Capital Planning Limited and has over 25 years of experience in accounting, finance and investment. Mr. Choi currently serves as the Chairman of the Committee on the Promotion of Civic Education of the Government of the Hong Kong Special Administrative Region.

SENIOR MANAGEMENT

The executive Directors are also members of senior management of the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

Glorious Sun Enterprises Limited (the “Company”) is committed to maintaining a high standard of corporate governance and has applied throughout the year ended 31 December 2024 (the “year under review”) the principles set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

Throughout the year under review, the Company has complied with the code provisions set out in the CG Code. The board of directors of the Company (the “Board”) continues to monitor and review the Company’s corporate governance practices to ensure the Company’s compliance with the code provisions.

BOARD OF DIRECTORS

The Board is committed to making decisions in the best interests of both the Company and its shareholders (the “Shareholders”). The Board’s primary responsibilities are to formulate the Company’s long-term corporate strategy, to oversee the overall management of business and affairs of the Company and its subsidiaries (the “Group”), to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board. The day-to-day management, administration and operation of the Group are delegated to the management basically composed of the Executive Directors headed by the General Manager.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

In the year under review and up to the date of this annual report, the Board comprises the following members:

Executive Directors

Dr. Charles Yeung, GBS, JP	(Chairman)
Yeung Chun Fan, BBS	(Vice-chairman)
Hui Chung Shing, Herman, GBS, MH, JP	
Ms. Cheung Wai Yee	
Yeung Yin Chi, Jennifer, JP	

Independent Non-executive Directors

Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP
Ng Wing Ka, Jimmy, BBS, JP
Choi Tak Shing, Stanley, JP

During the year under review, the Company has met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors, one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules which requires the number of independent non-executive directors representing at least one-third of the Board.

The biographical details of and the relationship among the members of the Board are set out in the “Directors’ and Senior Management’s Biographies” contained in this annual report.

The roles of the Chairman and the Chief Executive Officer are separate and are performed by Dr. Charles Yeung and the General Manager of the Group, Mr. Yeung Chun Fan, respectively. Their respective responsibilities are clearly defined and are set out in writing. Mr. Yeung Chun Fan is also the Vice-chairman of the Board.

CORPORATE GOVERNANCE REPORT

The Chairman takes the lead in formulating and setting the Group's strategies and policies in conjunction with the Board; oversees the function of the Board and encourages and facilitates constructive relations between Executive Directors and Independent Non-executive Directors.

The General Manager, supported by other Board members and senior executives, is responsible for overseeing the Group's business operation, implementing the strategies laid down by the Board and managing day-to-day operation.

The Nomination Committee, which was established by the Board in March 2012, is responsible for reviewing the size, structure and composition (including the skills, knowledge and experience) of the Board to ensure that the Board has a balance of expertise, skills, knowledge and experience appropriate for the business of the Company. During the year 2024, no new Director was selected or recommended for directorship.

The Nomination Committee has also reviewed and made recommendation to the Board on the appointments of the Directors standing for re-election at the forthcoming annual general meeting of the Company which is to be held on 19 May 2025. The Board has accepted such recommendation.

All the Independent Non-executive Directors are appointed for a specific term of two years and are required to retire and eligible for re-election at the annual general meeting of the Company in the year of expiry of the term.

The Board adopted a policy concerning the diversity of Board members in August 2013. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on personal virtue and meritocracy for constituting a high quality directorate team. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee monitors the implementation of the Board diversity policy and reviews, as appropriate, the policy to ensure the effectiveness of the policy. For the year under review, both the Nomination Committee and the Board reviewed the policy and considered that the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The policy was effectively implemented.

Each Independent Non-executive Director has given the Company a confirmation of his independence based on the independence criteria set out in Rule 3.13 of the Listing Rules. The Nomination Committee has assessed the independence of the Independent Non-executive Directors. The Board considers that all the Independent Non-executive Directors are independent.

Mr. Lau Hon Chuen, Ambrose has confirmed that he is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries, and that he himself and the law firm have acted for the Company, its related or connected companies or persons. The Board considered that the amounts involved for the services provided are insignificant, and the services received from Mr. Lau and the law firm were in the ordinary course of business and on normal commercial terms and would in no way affect the independence of Mr. Lau. Accordingly, the Board has confirmed that Mr. Lau is independent of the Company.

The Board comprises a total of nine members with five Executive Directors and four Independent Non-executive Directors. Two Executive Directors are female. The gender ratio in the Group's workforce (including senior management) as at 31 December 2024 is set out in the "Employment and Labour Practices" in the Environmental, Social and Governance Report for 2024. The Board shall continue to maintain the gender diversity among the Board members and at all levels of the Group.

CORPORATE GOVERNANCE REPORT

The Company recognises that Board independence is important to good corporate governance and Board effectiveness. The Company has established the following mechanisms to ensure independent views and input are available to the Board:

- The Board endeavours to ensure the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time)
- Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, Independent Non-executive Directors will be appointed to all Board committees as far as possible to ensure independent views are available
- The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the 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/her own personal particulars that may materially affect his/her 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 Listing Rules to ensure that they can continually exercise independent judgement
- No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors
- Independent Non-executive Directors (as other 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
- Independent Non-executive Directors (as other 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/her close associates has a material interest
- The Chairman of the Board shall at least annually hold meetings with the Independent Non-executive Directors without the presence of other Directors to discuss major issues and any concerns

The Board shall make an annual review of the implementation and effectiveness of the above mechanisms. The Board has reviewed the above mechanisms and is of the view that they have been duly implemented and effective during the year under review.

CORPORATE GOVERNANCE REPORT

MEETINGS AND ATTENDANCE

The Board met on seven occasions during the year under review. The attendance of individual Directors at the Board meetings, the meetings of the Board Committees (the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee), the annual general meeting and the special general meetings for the year 2024 is set out in the table below:

Directors	Board	Meetings Attended/Held				Annual General Meeting	Special General Meeting
		Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee		
<i>Executive</i>							
Dr. Charles Yeung, GBS, JP	5/7*			1/1	2/2	1/1	2/2
Yeung Chun Fan, BBS	4/7*				2/2	1/1	1/2
Hui Chung Shing, Herman, GBS, MH, JP	7/7		1/1			1/1	2/2
Ms. Cheung Wai Yee	4/7 [#]					1/1	1/2
Yeung Yin Chi, Jennifer, JP	7/7				2/2	1/1	2/2
<i>Independent Non-executive</i>							
Lau Hon Chuen, Ambrose, GBS, JP	7/7	2/2		1/1		1/1	2/2
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP	6/7		1/1	1/1	2/2	1/1	2/2
Ng Wing Ka, Jimmy, BBS, JP	7/7	2/2				1/1	2/2
Choi Tak Shing, Stanley, JP	7/7	2/2	1/1			1/1	2/2

* these Directors had material interest in connected transactions discussed at two Board meetings and hence they abstained from attending the meetings.

[#] this Director abstained from attending two Board meetings due to her relationship with those Directors who had material interest in transactions discussed at the meetings.

During the year under review, the Chairman of the Board had a meeting with the Independent Non-executive Directors without the presence of Executive Directors.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee in accordance with the CG Code to oversee particular aspects of the Company's affairs. All or a majority of the members of these Committees are Independent Non-executive Directors. The Board Committees have clear written terms of reference and have to report to the Board on their decisions and recommendations.

In December 2015, the Investment Committee was established by the Board with specific written terms of reference. Further details of the Investment Committee are set out in the latter part of this report.

CORPORATE GOVERNANCE REPORT

The Audit Committee

The Audit Committee has been established since 1998. Currently, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose (Committee Chairman), Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley. Mr. Choi is a professional accountant with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

While recognising the Audit Committee plays an important role in corporate governance, the Board has delegated the corporate governance functions to the Audit Committee. The terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

Apart from corporate governance functions, the main responsibilities of the Audit Committee are to review the accounting principles and practices adopted by the Group and to review the effectiveness of the financial reporting system, risk management and internal control systems of the Group.

The Audit Committee held two meetings during the year under review. The work of the Audit Committee in 2024 included the following:

- review of the final results announcement, the financial statements, the report of the Directors and the corporate governance report for the year 2023
- review of the interim results announcement and the interim report for the six months ended 30 June 2024
- review of the internal audit reports and the risks assessment report, all prepared by the Internal Audit Department of the Company
- approval of the terms of engagement and the remuneration of the external auditor
- assessment of the independence of the external auditor
- review of a report prepared by the external auditor on any issues arising from their audits
- review of an audit plan for the year 2024 prepared by the external auditor

On the day which the Audit Committee meeting was held in March 2024, members of the Audit Committee also met with the external auditor of the Company, and on the day which the Audit Committee Meeting was held in August 2024, members of the Audit Committee also met with the head of the Internal Audit Department of the Company; both in the absence of the Management.

In addition, the Audit Committee has also performed the corporate governance duties as delegated to it by the Board.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee

The Remuneration Committee has been established since 2005. Currently, the Remuneration Committee comprises a total of three members, being two Independent Non-executive Directors, namely Dr. Chan Chung Bun, Bunny (Committee Chairman) and Mr. Choi Tak Shing, Stanley; and an Executive Director, Mr. Hui Chung Shing, Herman.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual Directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The main responsibilities of the Remuneration Committee are to review and endorse the remuneration policy of the Directors and senior management and to make recommendations to the Board for the remuneration of the Directors and senior management. The Remuneration Committee ensures that no Director is involved in deciding his/her own remuneration.

The Remuneration Committee held one meeting during the year under review. The work of the Remuneration Committee in 2024 included the following:

- approval of and recommendation to the Board on 2024 salary adjustment and 2023 year-end bonus for the Executive Directors
- approval of and recommendation to the Board on the director's fee of the Independent Non-executive Directors

Details of the remuneration of the Directors are set out in note 8 to the financial statements of this annual report.

During the year under review, no share option was granted under the share option scheme adopted by the Company. As at 31 December 2024, the Company did not have any share options outstanding under the scheme.

The Nomination Committee

The Nomination Committee has been established since 2012. Currently, the Nomination Committee comprises a total of three members, being the Chairman of the Board, Dr. Charles Yeung (Committee Chairman) and two Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose and Dr. Chan Chung Bun, Bunny. The terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

The Nomination Committee is responsible for making recommendations to the Board on nominations and appointments of Directors, reviewing the size, structure and composition of the Board, and assessing the independence of Independent Non-executive Directors.

CORPORATE GOVERNANCE REPORT

The Company has established a nomination policy of director setting out the approach and procedures adopted for the nomination and selection of Directors. The policy sets out the principles for assessing the suitability and potential contribution to the Board of a proposed candidate, including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity of the Board; the requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules.

The Nomination Committee held one meeting during the year under review. The work of the Nomination Committee in 2024 included the following:

- review of the structure, size and composition (including the skills, knowledge and experience) of the Board
- assessment of the independence of all Independent Non-executive Directors
- recommendation to the Board on the re-election of Directors
- review of the Board diversity policy

The Investment Committee

The Board set up the Investment Committee in December 2015 with specific written terms of reference. Currently, the Investment Committee comprises three Executive Directors, namely Dr. Charles Yeung (Committee Chairman), Mr. Yeung Chun Fan and Ms. Yeung Yin Chi, Jennifer; an Independent Non-executive Director, Dr. Chan Chung Bun, Bunny; and two senior staff.

The Investment Committee is responsible for setting up and reviewing investment policy of the Company and to monitor the performance of investment portfolio of the Company.

The Investment Committee held one meeting during the year under review. The work of the Investment Committee in 2024 included the following:

- monitoring of the performance of financial investment portfolio and review of the associated risk levels
- recommendation on strategic plan of financial investment activities

DIRECTORS' TRAINING

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. All Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, Directors are from time to time updated with the changes and development to the Group's business and to the political and economic environment in which the Group operates. During the year under review, updates on changes to the Listing Rules were provided to the Directors.

CORPORATE GOVERNANCE REPORT

According to the records kept by the Company, the Directors received the following training in the year under review:

Directors

Executive

Dr. Charles Yeung, GBS, JP	A, B, C
Yeung Chun Fan, BBS	A, B, C
Hui Chung Shing, Herman, GBS, MH, JP	A, C
Ms. Cheung Wai Yee	A, C
Yeung Yin Chi, Jennifer, JP	A, C

Independent Non-executive

Lau Hon Chuen, Ambrose, GBS, JP	A, C
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP	A, C
Ng Wing Ka, Jimmy, BBS, JP	A, C
Choi Tak Shing, Stanley, JP	A, C

- A: attending seminars and/or conferences and/or forums
B: giving talks at seminars and/or conferences and/or forums
C: reading materials, journals and updates relating to the economy, the business of the Group, or director's duties and responsibilities

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities against possibility of legal action to be taken against the Directors and officers. In 2024, no claims under the insurance policy were made.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transaction as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code throughout the year under review.

EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted dealing rules based on the Model Code (the "Dealing Rules") governing the Company's securities transactions by the employees of the Group who are likely to be in possession of unpublished inside information in relation to the Group. These employees have been individually notified and provided with a copy of the Dealing Rules.

INSIDE INFORMATION POLICY

The Board approved and adopted the Inside Information Policy in 2013. The policy contains the guidelines to the Directors, officers and all relevant employees who are likely to be in possession of unpublished inside information of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements for each financial year which give a true and fair view in accordance with Hong Kong Financial Reporting Standards and are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. The Board is not aware of any material uncertainties relating to the events or condition that might cast doubt upon the Company's ability to continue as a going concern. Accordingly, the Board has prepared the consolidated financial statements of the Group on a going concern basis.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures required under the Listing Rules, and reports to the regulators and information disclosed under statutory requirements.

The responsibilities of the external auditor with respect to the financial reporting are set out in the "Independent Auditor's Report" contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining the Group's risk management and internal control systems and for reviewing their effectiveness. The risk management and internal control systems are designed to:

- manage rather than eliminate the risk of failure to achieve business objectives;
- safeguard the assets of the Group;
- comply with relevant rules, policies, regulations and laws;
- maintain reliable accounting records in accordance with relevant accounting standards and regulatory reporting requirements; and
- identify and manage significant risk that may potentially impact to the Group's operation.

The systems provide reasonable but not absolute assurance against material misstatement or loss. The review of the systems, which cover material control areas including financial, operational and compliance, has been carried out from time to time and at least annually.

Main features of the risk management and internal control systems

The systems are featured with defined organisational and management structure with authorities properly delegated to qualified personnel from different management levels within the Group, as well as established policies and procedures.

The Board

The Board determines the business objectives and strategies of the Group, and evaluates and determines the nature and extent of significant risks (including the environmental, social and governance risks) it is willing to take in achieving the Group's strategic objectives; and thus bears the ultimate accountability for the effectiveness of the risk management and internal control systems. In addition, the Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The Management

The Management comprises different levels and departments (including their heads) with appropriate segregation of duties. The Management is responsible for the design, implementation and maintenance of appropriate and effective risk management and internal control systems. In addition, it monitors risks and takes measures to mitigate risks in day-to-day operations and follows up the findings on risk management and internal control materials raised out by internal or external auditors. Also, the Management provides confirmation to the Board on the effectiveness of the internal control systems.

Internal audit

The Group has established an independent Internal Audit Department for years. The Internal Audit Department plays an important role in helping the review and evaluation of the effectiveness of the risk management and internal control systems.

Internal audit work has been carried out based on the recognised control framework outlined by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The Internal Audit Department formulates annually its internal audit plan on a risk-based approach and in accordance with the Group’s strategic goals and risk assessment results; the annual internal audit plan is endorsed by the Audit Committee. Key audit findings and risk factors are reported to the Management and the Audit Committee.

The Internal Audit Department, with the support and supervision by the Audit Committee, is responsible for reviewing the effectiveness of the risk management and internal control systems in respect of all material controls of the Group, including financial, operational and compliance controls. In addition, it coordinates the risk assessment exercises and procedures, communicates with the Management on the identified risks and impacts to facilitate the implementation of risk mitigation measures, and follows up the results of such measures through its audit work; and reports the overall results to the Management and the Audit Committee on a regular basis.

For the year under review, no significant deficiency in the risk management and internal control systems was discovered.

The Board considers that the Group’s internal control systems are adequate and effective and the Company has complied with the relevant code provisions of the CG Code for the year ended 31 December 2024.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 of the CG Code, the Board adopted a whistleblowing policy. The policy provides a formal channel and procedures to facilitate the raising of matters of concern by employees of the Group (the “Employees”) and those parties who deal with the Group (e.g. customers and suppliers) (the “Third-parties”, each a “Whistleblower”), in confidence and anonymity. The procedures enable the Whistleblower to report the possible improprieties in any matter related to the Group directly addressed to relevant personnel.

ANTI-CORRUPTION POLICY

In compliance with code provision D.2.7 of the CG Code, the Board adopted an anti-corruption policy. The policy sets out the guidelines on anti-corruption and anti-bribery and the responsibilities of the Employees.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company Secretary has taken no less than 15 hours of relevant professional training during the year 2024.

AUDITOR'S REMUNERATION

The fees in respect of audit and non-audit services provided to the Group by the external auditor of the Company, Ernst & Young, for the year ended 31 December 2024 are as follows:

	HK\$
Audit Services	
Annual audit for the year ended 31 December 2024	1,849,000
Non-audit Services	
Tax and other services	447,135
Total	2,296,135

DIVIDEND POLICY

The Board has adopted a dividend policy. According to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into the account the following factors:

- the Group's actual and expected financial results
- the Group's working capital requirements, capital expenditure requirements and future expansion/investment plans
- the Group's liquidity position
- retained earnings and distributable reserves of the Company and each of the members of the Group
- the general economic and political conditions and other external factors that may have an impact on the future business and financial performance of the Group
- the expectation of shareholders and investors
- any other factors that the Board considers relevant

COMMUNICATIONS WITH SHAREHOLDERS

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communications between its Shareholders and the Board. At the Company's 2024 annual general meeting, the Chairman of the Board (also the Chairman of the Nomination Committee and the Investment Committee), the Chairman of the Audit Committee, the Chairman of the Remuneration Committee, as well as the external auditor were present to answer Shareholders' questions.

The Company also maintains a website at www.glorisun.com which enables the Shareholders, investors and the general public to have access to the information of the Company.

CORPORATE GOVERNANCE REPORT

A shareholder communication policy reflecting the current practices of the Company for communication with its Shareholders is available on the Company's website. During the year under review, the Board reviewed the implementation and effectiveness of the policy including steps taken at general meetings, the handling of enquiries received from the Shareholders, the dissemination of information in relation to the Group, and the channels of communications between the Company and the Shareholders. The Board considered that the policy was properly implemented and effective.

CONSTITUTIONAL DOCUMENTS

A special resolution was passed at the annual general meeting of the Company held on 24 May 2024 to approve the amendments to the bye-laws of the Company (the "Bye-laws"), so as to, among other things, update and bring the existing Bye-laws in line with the latest regulatory requirements relating to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers. Details of the amendments are set out in the Company's announcement and explanatory statement dated 18 April 2024 and 19 April 2024, respectively.

Save as disclosed above, there was no change in the Bye-laws in 2024. The Bye-laws are available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of the Shareholders are set out in, amongst other things, the Bye-laws and the Companies Act 1981 of Bermuda (as amended) (the "Companies Act").

Procedures for Shareholders to convene a special general meeting

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company or at the registered office of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition pursuant to Section 74 of the Companies Act. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provision of Section 74(3) of the Companies Act.

The written requisition requiring a special general meeting to be called can be sent to the principal place of business of the Company as set out in the "Corporate Information" section of this annual report for the attention of the Company Secretary.

Procedures for putting forward proposals at a general meeting

Shareholders may by written requisition request for including a resolution relating to matters in a general meeting by following the requirements and procedures as set out in Sections 79 and 80 of the Companies Act.

Subject to the provisions of the above-mentioned sections of the Companies Act, on the written requisition of members representing not less than one-twentieth of the total voting rights or 100 members, at the expense of the requisitionists unless the Company otherwise resolves, the Company shall give shareholders of the Company notice of any resolution which may properly be moved and is intended to be moved at that meeting and a relevant statement.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to propose a person for election as a Director

As regards the procedures for Shareholders to propose a person for election as a Director, please refer to the procedures available on the Company's website and the Stock Exchange's website.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Glorious Sun Enterprises Limited
38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay, Hong Kong

Telephone: (852) 2263 3000
Fax: (852) 2995 3060
Email: enquiry@glorisun.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

REPORT OF THE DIRECTORS

The directors of Glorious Sun Enterprises Limited (the “Company”) (the “Directors”) present their report and the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Company’s subsidiaries are engaged in financial investments, interior decoration and renovation, and export and retailing of casual wear.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group’s business, can be found in the Chairman’s Statement and the Management Discussion and Analysis set out on pages 12 to 23 of this annual report. That discussion forms part of this Report of the Directors.

The Company’s Environmental, Social and Governance Report prepared in accordance with Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) has been published on the Company’s website and the Stock Exchange’s website at the same time as the publication of this annual report.

RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 December 2024 and the Group’s financial position at that date are set out in the financial statements on pages 57 to 139 of this annual report.

An interim dividend of HK4.00 cents per ordinary share was paid on 20 September 2024. The Directors recommended the payment of a final dividend of HK5.80 cents per ordinary share in respect of the year, to shareholders on the register of members of the Company on 27 May 2025.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the respective financial years, is set out on page 140 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company’s authorised and issued share capital and share options during the year are set out in notes 28 and 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company (the “Bye-laws”) or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company’s reserves available for distribution, calculated in accordance with The Companies Act 1981 of Bermuda (as amended), amounted to HK\$816,718,000, of which HK\$87,158,000 has been proposed as a final dividend for the year. In addition, as at 31 December 2024, the Company’s share premium account, in the amount of HK\$725,569,000, may be distributed in the form of fully paid bonus shares.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 63.47% of the total sales for the year and sales to the largest customer included therein amounted to 23.04%. In the year under review, purchases from the Group's five largest suppliers accounted for 41.71% of the total purchases for the year and purchases from the largest supplier included therein amounted to 22.24%.

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

DIRECTORS

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

Executive

Dr. Charles Yeung, GBS, JP	(Chairman)
Yeung Chun Fan, BBS	(Vice-chairman)
Hui Chung Shing, Herman, GBS, MH, JP	
Ms. Cheung Wai Yee	
Yeung Yin Chi, Jennifer, JP	

Independent Non-executive

Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP
Ng Wing Ka, Jimmy, BBS, JP
Choi Tak Shing, Stanley, JP

Mr. Yeung Chun Fan, Mr. Hui Chung Shing, Herman and Mr. Lau Hon Chuen, Ambrose will retire from office by rotation at the forthcoming annual general meeting of the Company pursuant to bye-law 110(A) of the Bye-laws and, being eligible, offer themselves for re-election.

The Company has received confirmation from each of the Independent Non-executive Directors as regards their independence to the Company and considers that each of the Independent Non-executive Directors is independent of the Company. Details are set out in the Corporate Governance Report on pages 29 to 41 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that the directors and officers for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected transactions" below and in note 34 to the financial statements, no Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2024, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in shares of the Company

Name of Director	Capacity	Number of shares held
Dr. Charles Yeung, GBS, JP ⁽¹⁾	– interest held through Glorious Sun Holdings (BVI) Limited (51.934% of the share capital was held by Dr. Charles Yeung)	622,263,000
	– interest held through Advancetex Holdings (BVI) Limited (51.934% of the share capital was held by Dr. Charles Yeung)	207,810,000
Yeung Chun Fan, BBS ⁽²⁾	– interest held through Glorious Sun Holdings (BVI) Limited (48.066% of the share capital was held by Mr. Yeung Chun Fan)	622,263,000
	– interest held through Advancetex Holdings (BVI) Limited (48.066% of the share capital was held by Mr. Yeung Chun Fan)	207,810,000
Dr. Charles Yeung, GBS, JP ⁽¹⁾ and Yeung Chun Fan, BBS ⁽²⁾	– beneficial owner (50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan)	138,285,499
Yeung Chun Fan, BBS ⁽²⁾	– beneficial owner	75,000,000
Ms. Cheung Wai Yee ⁽³⁾	– beneficial owner	10,095,000
Hui Chung Shing, Herman, GBS, MH, JP ⁽⁴⁾	– beneficial owner	6,250,000
Lau Hon Chuen, Ambrose, GBS, JP ⁽⁵⁾	– beneficial owner	1,492,402

REPORT OF THE DIRECTORS

Notes:

Calculations of the interests in shares disclosed pursuant to the SFO were as follows:

- (1) The total interests held were 968,358,499 shares which represented 64.120% of the Company's issued share capital as at 31 December 2024.
- (2) Interest of spouse (Ms. Cheung Wai Yee) of 10,095,000 shares has to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Mr. Yeung Chun Fan were 1,053,453,499 shares which represented 69.754% of the Company's issued share capital as at 31 December 2024.
- (3) Interest of spouse (Mr. Yeung Chun Fan) of 1,043,358,499 shares has to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Ms. Cheung Wai Yee were 1,053,453,499 shares which represented 69.754% of the Company's issued share capital as at 31 December 2024.
- (4) The total interests held were 6,250,000 shares which represented 0.414% of the Company's issued share capital as at 31 December 2024.
- (5) The total interests held were 1,492,402 shares which represented 0.099% of the Company's issued share capital as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 29 to the financial statements.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the register required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders had disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held
Glorious Sun Holdings (BVI) Limited ⁽¹⁾ (51.934% of the share capital was held by Dr. Charles Yeung and 48.066% of the share capital was held by Mr. Yeung Chun Fan)	– beneficial owner	622,263,000
Advancetex Holdings (BVI) Limited ⁽²⁾ (51.934% of the share capital was held by Dr. Charles Yeung and 48.066% of the share capital was held by Mr. Yeung Chun Fan)	– beneficial owner	207,810,000
Dr. Charles Yeung, GBS, JP ⁽³⁾	– 50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan	138,285,499
Yeung Chun Fan, BBS ⁽⁴⁾	– 50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan – beneficial owner	138,285,499 75,000,000
Ms. Cheung Wai Yee ⁽⁵⁾	– beneficial owner	10,095,000

Notes:

Calculations of the interests in shares disclosed pursuant to the SFO were as follows:

- (1) The total interests held were 622,263,000 shares which represented 41.203% of the Company's issued share capital as at 31 December 2024.
- (2) The total interests held were 207,810,000 shares which represented 13.760% of the Company's issued share capital as at 31 December 2024.
- (3) Interests of controlled corporations (Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited) of 830,073,000 shares have to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Dr. Charles Yeung were 968,358,499 shares which represented 64.120% of the Company's issued share capital as at 31 December 2024.
- (4) Interests of controlled corporations (Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited) of 830,073,000 shares and interest of spouse (Ms. Cheung Wai Yee) of 10,095,000 shares have to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Mr. Yeung Chun Fan were 1,053,453,499 shares which represented 69.754% of the Company's issued share capital as at 31 December 2024.
- (5) Interest of spouse (Mr. Yeung Chun Fan) of 1,043,358,499 shares has to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Ms. Cheung Wai Yee were 1,053,453,499 shares which represented 69.754% of the Company's issued share capital as at 31 December 2024.

REPORT OF THE DIRECTORS

Save as disclosed above, no other parties disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31 December 2024.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

On 18 March 2024, Glorious Sun Huacheng Property (Huizhou) Co., Ltd.* (旭日花城房產(惠州)有限公司) (“Huacheng Property”) (as principal), which is ultimately owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, both are Directors and substantial shareholders of the Company, as to 51.934% and 48.066% respectively, entered into the construction agreement (the “Construction Agreement”) with Shijiazhuang Changhong Building Decoration Engineering Company Limited* (石家莊常宏建築裝飾工程有限公司) (“Changhong”) (as contractor), an indirect non wholly-owned subsidiary of the Company. Pursuant to the Construction Agreement, Huacheng Property engaged Changhong to carry out the fitting-out and decoration works in respect of certain mock-ups on One Lakeside (a shopping mall complex located in Huizhou, Guangdong Province, the PRC, which is owned and developed by Huacheng Property) for a total consideration of RMB3,330,000 (approximately HK\$3,620,000), subject to adjustments (if any). Details of the transaction are set out in the Company’s announcement dated 18 March 2024.

On 12 August 2024, Smart Empire Asset Management Limited (“Smart Empire”) (as consulting service provider), an indirect wholly-owned subsidiary of the Company, entered into the consulting service agreement (the “Consulting Service Agreement”) with Glory Star Investments Limited (“Glory Star”) (as client), a company held as to 51% by Dr. Charles Yeung and 34% by Mr. Yeung Chun Fan, both are Directors and substantial shareholders of the Company. Pursuant to the Consulting Service Agreement, Smart Empire agreed to provide certain consulting services to Glory Star in relation to financial investments at a consideration of HK\$6,000,000. Details of the transaction are set out in the Company’s announcement dated 12 August 2024.

* Official names of these companies are in Chinese. English names of the companies are included for identification purpose only.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total number of issued shares were held by the public as at the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company’s business were entered into or existed during the year.

EQUITY-LINKED AGREEMENTS

Save as those disclosed in the section headed “Share option scheme” in this report, no other equity-linked agreements were entered into by the Group, or existed during the year.

REPORT OF THE DIRECTORS

POSSIBLE VERY SUBSTANTIAL ACQUISITIONS

By ordinary resolutions passed at a special general meeting of the Company held on 21 February 2024, the Board was authorised in advance to acquire shares of China Construction Bank Corporation (“CCB Shares”) and shares of Industrial and Commercial Bank of China Limited (“ICBC Shares”) for an aggregate amount not exceeding HK\$200 million (excluding stamp duty and related expenses) respectively in open market transactions during a period of 12 months from the date of passing of the ordinary resolutions (the “Original Acquisition Mandates”). Subsequently, by ordinary resolutions passed at a special general meeting of the Company held on 24 May 2024, the Original Acquisition Mandates were revised to authorise the Board in advance to acquire CCB Shares and ICBC Shares for an aggregate amount not exceeding HK\$400 million (excluding stamp duty and related expenses) respectively in open market transactions during a period of 12 months from the date of passing of the ordinary resolutions (the “Revised Acquisition Mandates”). Details of the Original Acquisition Mandates and the Revised Acquisition Mandates are set out in the Company’s circulars dated 5 February 2024 and 3 May 2024 respectively.

During the year ended 31 December 2024 and up to the date of this report, the Group acquired CCB Shares and ICBC Shares for an aggregate amount of HK\$199,295,100 and HK\$200,990,000 (excluding stamp duty and related expenses) respectively in open market transactions under the Revised Acquisition Mandates.

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

During the year, the Company repurchased a total of 13,332,000 shares of the Company on the Stock Exchange.

Details of the repurchases of shares are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price (before expenses) HK\$’000
		Highest HK\$	Lowest HK\$	
January	808,000	0.84	0.82	668
February	56,000	0.84	0.83	47
March	28,000	0.84	0.84	24
April	1,396,000	0.85	0.83	1,174
May	1,496,000	0.96	0.84	1,347
June	2,952,000	0.94	0.88	2,683
July	696,000	1.01	0.99	693
August	284,000	1.03	1.01	290
September	1,888,000	1.05	0.99	1,907
October	1,260,000	1.09	1.04	1,327
November	1,456,000	1.14	1.09	1,631
December	1,012,000	1.24	1.12	1,167
	13,332,000			12,958

Subsequently, the Company repurchased a total of 1,608,000 shares in January and February 2025 at the aggregate price of approximately HK\$1,946,000 (before expenses).

All the repurchased shares were subsequently cancelled by the Company.

REPORT OF THE DIRECTORS

The above repurchases of the Company's shares were effected by the Directors, pursuant to the mandate from shareholders received at the annual general meeting of the Company for the years 2023 and 2024, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

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

EMOLUMENT POLICY

The remuneration committee reviews the emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and has complied with the code provisions as set out in the Corporate Governance Code in Appendix C1 of the Listing Rules throughout the year ended 31 December 2024. Details are set out in the Corporate Governance Report on pages 29 to 41 of this annual report.

DISCLOSURE OF INFORMATION ON DIRECTORS

Changes in Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Dr. Chan Chung Bun, Bunny has retired from his office of a director of Great Harvest Maeta Holdings Limited, a public listed company in Hong Kong.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by Ernst & Young who will retire and being eligible offer themselves for re-appointment at the forthcoming annual general meeting and the Board will be authorised to fix their remuneration.

There has been no change of the auditor of the Company in the preceding three years.

ON BEHALF OF THE BOARD

Dr. Charles Yeung, GBS, JP
Chairman

Hong Kong, 27 March 2025

Jeanswest



INDEPENDENT AUDITOR'S REPORT



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

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話：+852 2846 9888
Fax 傳真：+852 2868 4432
ey.com

To the shareholders of Glorious Sun Enterprises Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Glorious Sun Enterprises Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 57 to 139, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Provision for expected credit losses on debt investments at amortised cost

The carrying value (before impairment allowance) of the Group's debt investments at amortised cost as at 31 December 2024 amounted to approximately HK\$469.0 million. The provision for expected credit losses ("ECLs") for these investments as at 31 December 2024 was approximately HK\$429.6 million.

We reviewed the ECL calculation that was established by management and assisted by the external specialist engaged by the Group, and we have involved our internal valuation specialists to perform procedures to evaluate the Group's methodology and parameters of the ECLs model, including:

Management uses the general approach to calculate ECLs for debt investments at amortised cost.

- checking to the respective credit rating of the debt investments at amortised cost;

Management has engaged an independent specialist to determine the calculation of ECLs.

- assessing the reasonableness of related parameters for the calculation of ECLs, including the probability of default, loss given default, exposure at default and the significant increases in credit risk, in response to macroeconomic changes;

The Group considers the available information which includes information about past events, current conditions and forecasts of future economic and industry specific conditions to estimate the ECLs and it involves significant judgements and estimates. The Group also assessed whether the credit risk on the debt investments at amortised cost has increased significantly and whether the credit risk of a financial asset has increased to the point that it is considered credit-impaired.

- assessing the forward-looking information used by management to determine ECLs, including the forecasts of macroeconomic variables, and the assumptions and different weights of multiple macroeconomic scenarios; and

The accounting policies and disclosures in relation to the provision for expected credit losses on debt investments at amortised cost are included in notes 2.4, 3 and 15 to the financial statements.

- assessing the reasonableness of management's judgements on whether the credit risk has increased significantly since initial recognition and whether the investments are credit-impaired.

We assessed the competence, objectivity and independence of the external specialist engaged by the Group.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Provision for expected credit losses on trade receivables and contract assets

The carrying values (before impairment allowance) of the Group's trade receivables and contract assets as at 31 December 2024 amounted to approximately HK\$99.6 million and HK\$7.9 million, respectively. The amounts of provision for ECLs for trade receivables and contract assets carried as at 31 December 2024 were approximately HK\$12.1 million and HK\$0.2 million, respectively.

Management uses the simplified approach to calculate ECLs for trade receivables and contract assets.

Management has engaged an independent specialist to determine the calculation of ECLs.

The Group considers the available information which includes information about past events, current conditions and forecasts of future economic conditions to estimate the ECLs and it involves significant judgements and estimates.

The accounting policies and disclosures in relation to the provision for expected credit losses on trade receivables and contract assets are included in notes 2.4, 3, 18, and 20 to the financial statements.

We obtained and reviewed the ECL calculation prepared by management assisted by the external specialist engaged by the Group. The ECL calculation was based on the Group's historical credit loss experience and adjusted for forward-looking factors specific to the economic environment.

We involved our internal valuation specialists to assist us in evaluating the Group's estimation methodology of ECLs and check the parameters to external available data sources.

We assessed the competence, objectivity and independence of the external specialist engaged by the Group.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Wai Ming, Ada.

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE			
Revenue from contracts with customers		715,785	771,522
Revenue from other sources:			
Interest income from debt investments at amortised cost		30,590	33,218
Dividend income		163,795	16,497
	5	910,170	821,237
Cost of sales		(587,709)	(660,878)
Gross profit		322,461	160,359
Other income and gains	5	77,502	120,953
Selling and distribution expenses		(16,922)	(16,717)
Administrative expenses		(92,115)	(86,293)
Other expenses		(2,562)	(1,859)
Impairment loss on debt investments at amortised cost, net		(174,689)	(112,971)
Impairment loss on other financial and contract assets, net		(9,590)	(9,112)
Finance costs	6	(2,309)	(2,510)
PROFIT BEFORE TAX	7	101,776	51,850
Income tax expense	10	(28,125)	(7,559)
PROFIT FOR THE YEAR		73,651	44,291
Attributable to:			
Ordinary equity holders of the Company		61,380	43,610
Non-controlling interests		12,271	681
		73,651	44,291
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
	12	HK cents	HK cents
Basic and diluted			
For profit for the year		4.06	2.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
PROFIT FOR THE YEAR	73,651	44,291
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	(1,720)	(895)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,720)	(895)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	459,840	4,514
Income tax effect	(60)	(92)
	459,780	4,422
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	459,780	4,422
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	458,060	3,527
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	531,711	47,818
Attributable to:		
Ordinary equity holders of the Company	520,357	47,627
Non-controlling interests	11,354	191
	531,711	47,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,964	14,315
Right-of-use assets	14(a)	19,888	21,230
Debt investments at amortised cost	15	28,073	197,167
Financial assets at fair value through other comprehensive income	16	1,679,490	576,054
Rental deposits	19	2,416	2,228
Deferred tax assets	27	3,213	11,386
Total non-current assets		1,746,044	822,380
CURRENT ASSETS			
Inventories	17	330,065	223,407
Trade and bills receivables	18	87,500	192,355
Prepayments, deposits and other receivables	19	113,622	44,827
Contract assets	20	7,727	25,860
Due from related companies	21	9,090	6,216
Debt investment at amortised cost	15	11,357	–
Financial assets at fair value through profit or loss	22	51,874	33,393
Tax recoverable		4,641	–
Time deposit with original maturity of over three months when acquired	23	–	239
Cash and cash equivalents	23	1,201,518	1,703,918
Total current assets		1,817,394	2,230,215
CURRENT LIABILITIES			
Trade payables	24	78,366	139,359
Contract liabilities	25	398,975	196,743
Other payables and accruals	25	288,139	295,866
Interest-bearing bank borrowings	26	–	14,175
Lease liabilities	14(b)	6,461	6,378
Tax payable		12,663	3,326
Total current liabilities		784,604	655,847
NET CURRENT ASSETS		1,032,790	1,574,368
TOTAL ASSETS LESS CURRENT LIABILITIES		2,778,834	2,396,748

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	13,943	18,039
Deferred tax liabilities	27	1,467	1,300
Total non-current liabilities		15,410	19,339
Net assets		2,763,424	2,377,409
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	28	151,024	152,264
Treasury shares	28	(6,340)	(4,139)
Reserves	30	2,606,105	2,228,404
		2,750,789	2,376,529
Non-controlling interests		12,635	880
Total equity		2,763,424	2,377,409

Dr. Charles Yeung, GBS, JP
Director

Yeung Chun Fan, BBS
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

Attributable to ordinary equity holders of the Company											
Notes	Fair value reserve of financial assets at fair value through other comprehensive income										
	Issued capital	Treasury shares	Share premium account	Contributed surplus	comprehensive income	Exchange fluctuation reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 28)	(note 28)	(note 30(i))	(note 30(ii))			(note 30(iii))				
At 1 January 2024	152,264	(4,139)	735,143	377,567	4,798	6,003	13,864	1,091,029	2,376,529	880	2,377,409
Profit for the year	-	-	-	-	-	-	-	61,380	61,380	12,271	73,651
Other comprehensive income/(loss) for the year:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	459,639	-	-	-	459,639	141	459,780
Exchange differences on translation of foreign operations	-	-	-	-	-	(662)	-	-	(662)	(1,058)	(1,720)
Total comprehensive income for the year	-	-	-	-	459,639	(662)	-	61,380	520,357	11,354	531,711
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(200)	(200)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	601	601
Shares repurchased	28	(13,015)	-	-	-	-	-	-	(13,015)	-	(13,015)
Cancellation of shares repurchased	28	(1,240)	10,814	(9,574)	-	-	-	-	-	-	-
Final 2023 dividend	11	-	-	-	-	-	-	(72,685)	(72,685)	-	(72,685)
Interim 2024 dividend	11	-	-	-	-	-	-	(60,397)	(60,397)	-	(60,397)
Transfer of fair value reserve upon the disposals of financial assets at fair value through other comprehensive income	16(ii)	-	-	-	(65,931)	-	-	65,931	-	-	-
Transfer within reserves	-	-	-	-	-	-	2,204	(2,204)	-	-	-
At 31 December 2024	151,024	(6,340)	725,569*	377,567*	398,506*	5,341*	16,068*	1,083,054*	2,750,789	12,635	2,763,424

* These reserve accounts comprise the consolidated reserves of HK\$2,606,105,000 (2023: HK\$2,228,404,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

Attributable to ordinary equity holders of the Company											
Notes	Issued capital HK\$'000 (note 28)	Treasury shares HK\$'000 (note 28)	Share premium account HK\$'000 (note 30(i))	Contributed surplus HK\$'000 (note 30(ii))	Fair value reserve of financial assets at fair value through other comprehensive income HK\$'000	Exchange fluctuation reserve HK\$'000 (note 30(iii))	Other reserves HK\$'000 (note 30(iii))	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023	152,798	-	738,818	377,567	593	6,191	11,693	1,141,161	2,428,821	792	2,429,613
Profit for the year	-	-	-	-	-	-	-	43,610	43,610	681	44,291
Other comprehensive income/(loss) for the year:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	4,205	-	-	-	4,205	217	4,422
Exchange differences on translation of foreign operations	-	-	-	-	-	(188)	-	-	(188)	(707)	(895)
Total comprehensive income for the year	-	-	-	-	4,205	(188)	-	43,610	47,627	191	47,818
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(7,253)	(7,253)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	7,150	7,150
Shares repurchased	28	(8,348)	-	-	-	-	-	-	(8,348)	-	(8,348)
Cancellation of shares repurchased	28	(534)	4,209	(3,675)	-	-	-	-	-	-	-
Final 2022 dividend	-	-	-	-	-	-	-	(61,119)	(61,119)	-	(61,119)
Interim 2023 dividend	11	-	-	-	-	-	-	(30,452)	(30,452)	-	(30,452)
Transfer within reserves	-	-	-	-	-	-	2,171	(2,171)	-	-	-
At 31 December 2023	152,264	(4,139)	735,143	377,567	4,798	6,003	13,864	1,091,029	2,376,529	880	2,377,409

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		101,776	51,850
Adjustments for:			
Finance costs		2,309	2,510
Bank interest income	5	(48,142)	(96,648)
Fair value gains on financial assets at fair value through profit or loss	5	(1,358)	(363)
Depreciation of property, plant and equipment	13	3,488	3,494
Depreciation of right-of-use assets	14(c)	6,890	5,921
Gains on termination of tenancy agreements, net	5	(3,110)	(90)
Loss on disposal of items of property, plant and equipment, net		52	68
Reversal of provision for inventories, net		(1,695)	(4,504)
Impairment of right-of use assets		545	–
Impairment loss on debt investments at amortised cost, net		174,689	112,971
(Reversal of impairment loss)/impairment loss on trade receivables, net		(10,676)	6,680
Reversal of impairment loss on contract assets, net		(425)	(487)
Impairment loss on financial assets included in prepayments, deposits and other receivables, net		20,638	3,016
Impairment loss/(reversal of impairment loss) of amounts due from related companies, net		53	(97)
Effect of foreign exchange rate changes, net		(2,563)	(4,323)
		242,471	79,998
Increase in inventories		(109,572)	(64,007)
Decrease in contract assets		18,011	26,454
Decrease in trade and bills receivables		112,689	37,278
Increase in prepayments, deposits and other receivables		(107,030)	(15,694)
(Increase)/decrease in amounts due from related companies		(2,925)	461
(Decrease)/increase in trade payables		(58,693)	4,545
Increase in contract liabilities		206,300	4,335
(Decrease)/increase in other payables and accruals		(7,338)	22,073
Decrease in deferred income		–	(1,041)
		293,913	94,402
Cash generated from operations		(2,309)	(2,510)
Interest paid		(1,275)	(3,341)
Hong Kong profits tax paid		(13,876)	(6,409)
Taxes paid outside Hong Kong			
Net cash flows from operating activities		276,453	82,142

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		48,142	96,648
Purchases of property, plant and equipment	13	(2,437)	(3,876)
Changes in financial assets at fair value through profit or loss		(18,237)	(33,781)
Purchases of financial assets at fair value through other comprehensive income	16(ii)	(1,047,078)	(468,385)
Proceeds from disposals of financial assets at fair value through other comprehensive income		403,403	–
Proceeds from disposal of items of property, plant and equipment		45	70
Decrease/(increase) in time deposit with original maturity of over three months when acquired		239	(3)
Net cash flows used in investing activities		(615,923)	(409,327)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased	28	(13,015)	(8,348)
New bank loans		97,129	92,668
Repayment of bank loans		(111,003)	(125,658)
Principal portion of lease payments		(6,557)	(6,443)
Capital contributions from non-controlling shareholders of subsidiaries		601	7,150
Dividends paid		(129,451)	(89,092)
Dividends paid to non-controlling shareholders		(200)	(7,253)
Net cash flows used in financing activities		(162,496)	(136,976)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(501,966)	(464,161)
Cash and cash equivalents at beginning of year		1,703,918	2,166,743
Effect of foreign exchange rate changes, net		(434)	1,336
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,201,518	1,703,918
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	274,587	207,509
Non-pledged time deposits	23	926,931	1,496,648
		1,201,518	1,704,157
Less: Non-pledged time deposits with original maturity of over three months when acquired	23	–	(239)
Cash and cash equivalents as stated in the consolidated statement of financial position		1,201,518	1,703,918

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Glorious Sun Enterprises Limited (the “Company”) is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is located at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong.

During the year, the Group was involved in financial investments, interior decoration and renovation, and export and retailing of casual wear.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Glorious Sun Enterprises (BVI) Limited	British Virgin Islands/ Hong Kong	US\$200	100	–	Investment holding, financial investments and management services
Pacific Potential Trading Company Limited	Hong Kong	HK\$200,000	–	100	Provision of agency services and trading of apparel
Rand Design Limited	Hong Kong	HK\$1	–	100	Garment design and trading of apparel
Hebei Changhong Group Technology Company Limited (“Hebei Changhong”) (河北常宏集團科技有限公司)*®	People’s Republic of China (the “PRC”)/ Mainland China	RMB34,574,405	–	58.5	Investment holding
Shijiazhuang Changhong Building Decoration Engineering Company Limited (“Shijiazhuang Changhong”) (石家莊常宏建築裝飾工程有限公司)®	The PRC/ Mainland China	RMB50,000,000	–	58.5	Provision of interior decoration and renovation services, trading of furniture and fixtures
G.S. Ventures (H.K.) Limited	Hong Kong	HK\$1	–	100	Retailing of casual wear and franchise business
Smart Empire Asset Management Limited	Hong Kong	HK\$5,000,000	–	100	Asset management and provision of consulting services

* Registered as a Sino-foreign equity joint venture under PRC law

® The official names of these entities are in Chinese. The English translations of the names are for identification purpose only.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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

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

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effect these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact to the Group's financial statements.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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

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

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Buildings	1.67% – 5% or over the lease terms, whichever is shorter
Leasehold improvements	20% – 25% or over the lease terms, whichever is shorter
Plant and machinery	10% – 25%
Furniture, fixtures and office equipment	10% – 33%
Motor vehicles	20% – 30%

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (*continued*)

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	2 – 5 years
------------	-------------

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. The dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividends can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Financial assets at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes equity investments, wealth management products and structured deposits.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- | | | |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables as appropriate.

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

The Group's financial liabilities include trade payables, other payables, amounts due to non-controlling shareholders of a subsidiary and related companies and interest-bearing bank borrowings.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

Government grants

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

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

(a) Sale of goods

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

(b) Interior decoration and renovation services

Revenue from the provision of interior decoration and renovation services is recognised over time, using an input method to measure progress towards complete satisfaction of the contracts, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the interior decoration and renovation contracts.

Revenue from other sources

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

Dividend income from financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividends can be measured reliably.

Other income

Royalty income is recognised on an accrual basis in accordance with the terms of the relevant licensing agreements.

Service income is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Contract assets

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

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

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for most of the Group’s Hong Kong employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Prior to the MPF Scheme becoming effective, the Group operates defined contribution retirement benefit schemes for certain employees, the assets of which are held separately from those of the Group in independently administered funds. Contributions were made based on a percentage of the eligible employees’ salaries and were charged to the statement of profit or loss as they became payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group’s employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amounts of forfeited contributions. These schemes are still operating at the end of the reporting period and up to the date of this report.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amounts in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Write-down of inventories to net realisable value

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which estimate has been changed. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period. The information about the Group's inventories is included in note 17 to the financial statements.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type and credit rating).

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default and losses given default, changes in which can result in different levels of allowances.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is included in notes 18 and 20 to the financial statements, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Provision for expected credit losses on debt investments at amortised cost

The Group's expected credit loss calculations on debt investments at amortised cost are based on assumptions about risks of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the instruments, information about past events, current condition and forecasts of future economic and industry specific conditions at the end of each reporting period. The Group reviews its models in the context of actual loss experience regularly and adjusts when necessary.

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default and losses given default, changes in which can result in different levels of allowances.

The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The information about the ECLs on the Group's debt investments at amortised cost, and the key assumptions and inputs used for impairment calculations are given in note 15 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

- (a) the "financial investments" segment engages in treasury management and consulting services;
- (b) the "interior decoration and renovation" segment engages in the interior decoration and renovation, and the sale of furniture business;
- (c) the "export operations" segment engages in exports of apparel; and
- (d) the "retail, franchise and others" segment mainly includes retail operation in Hong Kong and franchise sales under the "Jeanswest" brand in overseas markets within the casual wear and apparel domain.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-leased-related finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments, together with their related comparative information, is presented below:

By business

	Year ended 31 December 2024				
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
Segment revenue (note 5)					
Revenue from external parties	194,385	377,891	281,355	56,539	910,170
Other income and gains	6,039	6,468	6,850	5,701	25,058
Total	200,424	384,359	288,205	62,240	935,228
Segment results					
	(1,005)	36,633	17,726	9,371	62,725
Interest income					48,142
Unallocated income					4,302
Corporate and other unallocated expenses					(11,995)
Finance costs (other than interest on lease liabilities)					(1,398)
Profit before tax					101,776
Other segment information:					
Depreciation	6	8,516	208	644	9,374
Corporate and other unallocated depreciation	-	-	-	-	1,004
Impairment loss/(reversal of impairment loss) on financial assets and contract assets, net	195,265	(10,836)	(485)	261	184,205
Corporate and other unallocated impairment loss on financial assets, net	-	-	-	-	74
Impairment of right-of-use assets	-	-	-	545	545
Provision/(reversal of provision) for inventories	-	527	(2,056)	(166)	(1,695)
Fair value loss/(gain) on financial asset at fair value through profit or loss	146	(1,504)	-	-	(1,358)
Other non-cash income	-	(3,053)	-	-	(3,053)
Corporate and other non-cash income	-	-	-	-	(5)
Capital expenditure*	6	24,450	-	1,487	25,943

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

By business (continued)

	Year ended 31 December 2023				
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
Segment revenue (note 5)					
Revenue from external parties	49,715	468,726	244,313	58,483	821,237
Other income and gains	6,393	1,865	4,309	3,753	16,320
Total	56,108	470,591	248,622	62,236	837,557
Segment results					
	(66,386)	3,588	10,359	10,377	(42,062)
Interest income					96,648
Unallocated income					7,985
Corporate and other unallocated expenses					(9,417)
Finance costs (other than interest on lease liabilities)					(1,304)
Profit before tax					51,850
Other segment information:					
Depreciation	7	7,885	161	29	8,082
Corporate and other unallocated depreciation	–	–	–	–	1,333
Impairment loss/(reversal of impairment loss) on financial assets and contract assets, net	116,896	5,257	551	(508)	122,196
Corporate and other unallocated reversal of impairment loss on financial assets, net	–	–	–	–	(113)
Reversal of provision for inventories	–	(215)	(3,542)	(747)	(4,504)
Loss on disposal of financial asset at fair value through profit or loss	5	–	–	–	5
Other non-cash expense/(income)	28	(23)	–	–	5
Capital expenditure*	7	11,402	669	42	12,120
Corporate and other unallocated capital expenditure*	–	–	–	–	3,798

* Capital expenditure consists of additions to right-of-use assets and property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

By region

	Mainland China HK\$'000	Hong Kong HK\$'000	Australia and New Zealand HK\$'000	United States of America and Canada HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2024						
Revenue from external parties	376,135	200,355	8,334	272,072	53,274	910,170
Non-current assets	29,856	2,996	–	–	–	32,852
Year ended 31 December 2023						
Revenue from external parties	463,609	57,078	7,877	236,843	55,830	821,237
Non-current assets	30,824	4,721	–	–	–	35,545

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

Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Interior decoration and renovation segment:		
Customer A	209,678	221,195
Export operations segment:		
Customer B	179,950	166,921

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS

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

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers</i>		
Interior decoration and renovation	377,891	468,726
Export operations	281,355	244,313
Retail, franchise and others	56,539	58,483
	715,785	771,522
<i>Revenue from other sources</i>		
Interest income from debt investments at amortised cost	30,590	33,218
Dividend income	163,795	16,497
	194,385	49,715
	910,170	821,237

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
Geographical markets				
Mainland China	376,129	–	6	376,135
Hong Kong	–	–	5,970	5,970
Australia and New Zealand	–	8,334	–	8,334
United States of America and Canada	–	272,072	–	272,072
Others	1,762	949	50,563	53,274
Total	377,891	281,355	56,539	715,785
Timing of revenue recognition				
Goods transferred at a point in time	297,371	281,355	56,539	635,265
Services transferred over time	80,520	–	–	80,520
Total	377,891	281,355	56,539	715,785

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Segments	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
Geographical markets				
Mainland China	463,609	–	–	463,609
Hong Kong	–	–	7,363	7,363
Australia and New Zealand	1,306	6,571	–	7,877
United States of America and Canada	6	236,837	–	236,843
Others	3,805	905	51,120	55,830
Total	468,726	244,313	58,483	771,522
Timing of revenue recognition				
Goods transferred at a point in time	327,417	244,313	58,483	630,213
Services transferred over time	141,309	–	–	141,309
Total	468,726	244,313	58,483	771,522

Since there have been no intersegment sales between the reportable segments for the years ended 31 December 2024 and 2023, a reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information would not provide additional useful information.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

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

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Interior decoration and renovation	196,743	198,894

(ii) Performance obligations

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

Retail sales

The performance obligation is satisfied upon delivery of goods and payment is generally due immediately.

Sales of goods other than retail sales

The performance obligation is satisfied when the control of the goods is transferred, generally upon delivery of goods, and payment is generally due within 90 days from delivery.

Interior decoration and renovation services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The Group applies the practical expedient on the exemption to disclose the information on the remaining performance obligations that have original expected durations of one year or less.

Franchise royalty income

The performance obligation is satisfied and payment is due as stipulated in the terms of the relevant licensing agreements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

	2024 HK\$'000	2023 HK\$'000
Other income		
Bank interest income	48,142	96,648
Service fee income	6,182	5,879
Other sales income	334	431
Commission and management fee income	8,869	4,303
Royalty income	5,787	2,974
Government subsidies (note)	1,730	1,763
Others	1,264	2,274
	72,308	114,272
Gains		
Gains on termination of tenancy agreements, net	3,110	90
Foreign exchange differences, net	726	6,228
Fair value gains on financial assets at fair value through profit or loss	1,358	363
	5,194	6,681
	77,502	120,953

Note: Government subsidies mainly represented subsidies from the local governments in the PRC for the development of certain innovation and technological projects, payments of wages, social and medical insurance, and other expenses. The subsidies have been received and there were no unfulfilled conditions or contingencies relating to these subsidies.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans	1,398	1,304
Interest on lease liabilities	911	1,206
	2,309	2,510

NOTES TO FINANCIAL STATEMENTS

31 December 2024

7. PROFIT BEFORE TAX

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

	Notes	2024 HK\$'000	2023 HK\$'000
Employee benefit expenses (including directors' remuneration (note 8)):			
Wages and salaries		134,842	125,528
Pension scheme contributions*		4,610	4,290
Other employee benefits		–	36
Total employee benefit expenses		139,452	129,854
Cost of inventories sold		506,926	529,972
Cost of services rendered		82,478	135,410
Depreciation of property, plant and equipment	13	3,488	3,494
Depreciation of right-of-use assets	14(a)	6,890	5,921
Lease payments not included in the measurement of lease liabilities		3,842	2,448
Auditor's remuneration		1,849	1,773
Foreign exchange differences, net [#]		(726)	(6,228)
Loss on disposal of items of property, plant and equipment, net [#]		52	68
Reversal of provision for inventories, net ^{**}		(1,695)	(4,504)
Impairment of right-of-use assets [#]	14(a)	545	–
Impairment of financial and contract assets, net:	37		
Impairment of debt investments at amortised cost		174,689	112,971
(Reversal of impairment)/impairment of trade receivables		(10,676)	6,680
Reversal of impairment of contract assets		(425)	(487)
Impairment of financial assets included in prepayments, deposits and other receivables		20,638	3,016
Impairment/(reversal of impairment) of amounts due from related companies		53	(97)
Fair value gains on financial assets at fair value through profit or loss [#]		(1,358)	(363)

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

** During the year, reversal of provision for inventories of HK\$1,695,000 (2023: HK\$4,504,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

These items are included in "Other income and gains" or "Other expenses" in the consolidated statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8. DIRECTORS' REMUNERATION

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

	2024 HK\$'000	2023 HK\$'000
Fees	872	872
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	2,086	2,026
Discretionary bonuses	488	357
Pension scheme contributions	105	102
	2,679	2,485
	3,551	3,357

(a) Independent non-executive directors

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

	2024 HK\$'000	2023 HK\$'000
Lau Hon Chuen, Ambrose, GBS, JP	218	218
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP	218	218
Ng Wing Ka, Jimmy, BBS, JP	218	218
Choi Tak Shing, Stanley, JP	218	218
	872	872

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8. DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2024					
Executive directors:					
Dr. Charles Yeung, GBS, JP	–	–	–	–	–
Yeung Chun Fan, BBS	–	621	104	31	756
Hui Chung Shing, Herman, GBS, MH, JP	–	600	224	30	854
Ms. Cheung Wai Yee	–	673	112	34	819
Yeung Yin Chi, Jennifer, JP	–	192	48	10	250
	–	2,086	488	105	2,679
2023					
Executive directors:					
Dr. Charles Yeung, GBS, JP	–	–	–	–	–
Yeung Chun Fan, BBS	–	591	65	30	686
Hui Chung Shing, Herman, GBS, MH, JP	–	600	224	30	854
Ms. Cheung Wai Yee	–	643	52	32	727
Yeung Yin Chi, Jennifer, JP	–	192	16	10	218
	–	2,026	357	102	2,485

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any director (2023: did not include any director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the five (2023: five) non-director, highest paid employees are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	6,307	6,127
Discretionary bonuses	5,570	4,481
Pension scheme contributions	89	87
	11,966	10,695

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK\$1,000,001 – HK\$1,500,000	2	3
HK\$1,500,001 – HK\$2,000,000	2	1
HK\$4,500,001 – HK\$5,000,000	–	1
HK\$5,500,001 – HK\$6,000,000	1	–
	5	5

NOTES TO FINANCIAL STATEMENTS

31 December 2024

10. INCOME TAX

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

Except for the following companies which are recognised as high and new technology enterprise, the subsidiaries of the Company established in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income during the years ended 31 December 2024 and 2023.

	2024	2023
Shijiazhuang Changhong	15%	15%
Shijiazhuang Changhong Intelligent Technology Company Limited ("石家莊常宏智能科技有限公司")*	15%	15%
Hebei Purui Commercial Furniture Technology Company Limited ("河北普瑞商業家具科技有限公司")*	15%	15%

* The official names of these entities are in Chinese. The English translations of the names are for identification purpose only.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 HK\$'000	2023 HK\$'000
Current – Hong Kong		
Charge for the year	3,758	6,028
Overprovision in prior years	(4,329)	(26)
	(571)	6,002
Current – Elsewhere		
Charge for the year	3,894	2,958
Underprovision/(overprovision) in prior years	246	(985)
	4,140	1,973
Withholding tax on dividend income	16,331	1,612
Deferred (note 27)	8,225	(2,028)
Total tax charge for the year	28,125	7,559

NOTES TO FINANCIAL STATEMENTS

31 December 2024

10. INCOME TAX (CONTINUED)

The tax on the Group's profit before tax differs from theoretical amounts that would arise using the weighted average rate applicable to profit on the consolidated entities as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	101,776	51,850
Tax calculated at domestic tax rates applicable to profits and losses in the respective jurisdictions	16,743	9,122
Lower tax rate at 8.25% for assessable profits up to HK\$2 million in Hong Kong	(165)	(165)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	167	476
Effect of withholding tax at 10% on dividend income from listed equity investments	16,331	1,612
Adjustments in respect of current tax of previous periods	(4,083)	(1,011)
Income not subject to tax	(36,136)	(16,289)
Expenses not deductible for tax	35,326	13,839
Tax losses utilised from previous periods	(58)	(25)
Tax charge at the Group's effective rate	28,125	7,559

For the year ended 31 December 2024, the weighted average applicable tax rate was 16.5% (2023: 17.6%). The change in the weighted average applicable tax rate was caused by a change in the profitability of the Group's subsidiaries in the respective jurisdictions.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

11. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Interim – HK4.00 cents (2023: HK2.00 cents) per ordinary share	60,410	30,453
Adjustment on interim dividend	(13)	(1)
	60,397	30,452
Proposed final – HK5.80 cents (2023: HK4.80 cents) per ordinary share	87,158	72,807
Adjustment on final dividend	–	(122)
	87,158	72,685

The proposed final dividend for the year ended 31 December 2024 calculated by reference to the 1,502,732,000 shares in issue on 27 March 2025 has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$61,380,000 (2023: HK\$43,610,000) and the weighted average number of ordinary shares of 1,511,876,011 (2023: 1,524,438,630) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024:							
Cost		14,067	8,313	16,562	14,064	2,707	55,713
Accumulated depreciation and impairment		(10,058)	(5,730)	(13,360)	(10,922)	(1,328)	(41,398)
Net carrying amount		4,009	2,583	3,202	3,142	1,379	14,315
At 1 January 2024, net of accumulated depreciation and impairment		4,009	2,583	3,202	3,142	1,379	14,315
Additions		–	1,396	519	515	7	2,437
Disposals/write-off		–	–	(7)	(90)	–	(97)
Depreciation	7	(451)	(1,063)	(656)	(939)	(379)	(3,488)
Exchange realignment		(60)	(33)	(54)	(43)	(13)	(203)
At 31 December 2024, net of accumulated depreciation and impairment		3,498	2,883	3,004	2,585	994	12,964
At 31 December 2024:							
Cost		13,797	8,971	16,658	13,376	2,669	55,471
Accumulated depreciation and impairment		(10,299)	(6,088)	(13,654)	(10,791)	(1,675)	(42,507)
Net carrying amount		3,498	2,883	3,004	2,585	994	12,964

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2023							
At 1 January 2023:							
Cost		14,495	6,966	16,924	14,628	2,123	55,136
Accumulated depreciation and impairment		(9,912)	(5,304)	(13,181)	(10,951)	(1,349)	(40,697)
Net carrying amount		4,583	1,662	3,743	3,677	774	14,439
At 1 January 2023, net of accumulated depreciation and impairment		4,583	1,662	3,743	3,677	774	14,439
Additions		–	1,909	225	696	1,046	3,876
Disposals/write-off		–	–	(3)	(95)	(40)	(138)
Depreciation	7	(460)	(955)	(655)	(1,041)	(383)	(3,494)
Exchange realignment		(114)	(33)	(108)	(95)	(18)	(368)
At 31 December 2023, net of accumulated depreciation and impairment		4,009	2,583	3,202	3,142	1,379	14,315
At 31 December 2023:							
Cost		14,067	8,313	16,562	14,064	2,707	55,713
Accumulated depreciation and impairment		(10,058)	(5,730)	(13,360)	(10,922)	(1,328)	(41,398)
Net carrying amount		4,009	2,583	3,202	3,142	1,379	14,315

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14. LEASES

The Group as lessee

The Group has lease contracts for various items of properties used in its operation. Leases of properties generally have lease terms between 2 years to 5 years (2023: 2 years to 15 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

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

	Properties 2024 HK\$'000	2023 HK\$'000
As at 1 January	21,230	16,035
Additions	23,915	12,105
Lease termination	(17,428)	(421)
Depreciation charge	(6,890)	(5,921)
Impairment	(545)	–
Exchange realignment	(394)	(568)
As at 31 December	19,888	21,230

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	24,417	20,000
New leases	23,506	12,042
Accretion of interest recognised during the year	911	1,206
Lease termination	(20,150)	(490)
Payments	(7,468)	(7,649)
Exchange realignment	(812)	(692)
Carrying amount at 31 December	20,404	24,417
Analysed into:		
Current portion	6,461	6,378
Non-current portion	13,943	18,039
	20,404	24,417

The maturity analysis of lease liabilities is set out in note 37 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14. LEASES (CONTINUED)

The Group as a lessee (continued)

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

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	911	1,206
Depreciation charge of right-of-use assets	6,890	5,921
Expense relating to short-term leases	3,491	2,343
Gains on termination of tenancy agreements, net	(3,110)	(90)
Variable lease payments not included in the measurement of lease liabilities	351	105
Total amount recognised in profit or loss	8,533	9,485

(d) Variable lease payments

The Group leased a number of the retail stores and units in shopping malls which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and the units in the shopping malls. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments for these leases are HK\$10,959,000 (2023: HK\$9,992,000) and HK\$351,000 (2023: HK\$105,000), respectively.

2024

	Fixed payments HK\$'000	Variable payments HK\$'000	Total HK\$'000
Fixed rent	9,854	–	9,854
Variable rent with minimum payment	1,105	351	1,456
	10,959	351	11,310

2023

	Fixed payments HK\$'000	Variable payments HK\$'000	Total HK\$'000
Fixed rent	8,963	–	8,963
Variable rent with minimum payment	1,029	105	1,134
	9,992	105	10,097

NOTES TO FINANCIAL STATEMENTS

31 December 2024

15. DEBT INVESTMENTS AT AMORTISED COST

	2024 HK\$'000	2023 HK\$'000
Financial assets measured at amortised cost		
Listed debt investments	469,013	452,061
Impairment allowance	(429,583)	(254,894)
	39,430	197,167
Less: current portion	(11,357)	–
	28,073	197,167

As at 31 December 2024, the effective interest rates of the debt investments is 6.5% (2023: 6.5%) per annum and these investments will mature in years from 2025 to 2027 (2023: from 2025 to 2027).

An impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. The Group applies the general approach and measures impairment allowance for listed debt investments at an amount equal to lifetime expected credit losses. The listed debt investments were categorised in Stage 3 (2023: Stage 2) as at 31 December 2024 as the credit-impaired at the reporting date but not at the date of purchased or originated credit-impaired.

As at 31 December 2024, they were of non-investment grades on the credit rating of Moody's and listed on a recognised stock exchange. The probability of default applied at 100.0% (2023: 92.8% to 100.0%) and the loss given default was estimated at 73.5% (2023: ranged from 65.5% to 79.5%). Expected credit loss allowance of HK\$429,583,000 (2023: HK\$254,894,000) was recognised for the listed debt investments as at 31 December 2024.

The fair value of listed debt investments at amortised cost was HK\$19,234,000 (2023: HK\$22,445,000) as at 31 December 2024 and HK\$15,254,000 as at the date of approval of these financial statements, which was determined by reference to published prices in an active market.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2024 HK\$'000	2023 HK\$'000
Unlisted equity investment, at fair value			
Hebei Jialian Industrial Group Co., Ltd. ("Hebei Jialian") ("河北省嘉聯實業集團有限公司")*	(i)	3,603	7,630
Hong Kong listed equity investments, at fair value	(ii)		
Bank of China Limited ("BOC")		289,111	38,740
China Construction Bank Corporation ("CCB")		713,552	369,675
Industrial and Commercial Bank of China Limited ("ICBC")		666,687	154,454
Bank of China (Hong Kong) Limited ("BOCHK")		6,537	5,555
		1,679,490	576,054

* The official name of this entity is in Chinese. The English translation of the name is for identification purpose only.

The above equity investments were irrevocably designated at fair value through other comprehensive income ("FVOCI") as the Group considers these investments to be strategic in nature.

Notes:

- (i) During the year ended 31 December 2024, the gross gain in respect of the Group's unlisted equity investment in Hebei Jialian recognised in other comprehensive income amounted to HK\$399,000 (2023: HK\$615,000) and a capital reduction of RMB4,000,000 (equivalent to approximately HK\$4,348,000) settled by cash.
- (ii) During the year ended 31 December 2024, the Group acquired listed equity investments, aggregate of HK\$1,047,078,000 through the open market. The Group disposed 33,000,000 CCB shares and 42,490,000 ICBC shares with total consideration (after stamp duty and related expenses) of approximately HK\$399,055,000 through the open market to liquidate some of its investments in CCB and ICBC and reallocate its financial resources to other business need. The accumulated gains recognised in fair value reserve of financial assets at fair value through other comprehensive income of HK\$65,931,000 was transferred to retained profits upon disposals.

During the year ended 31 December 2024, the gross gains in respect of the Group's listed equity investments in other comprehensive income amounted to HK\$459,441,000 (2023: HK\$3,899,000). Dividends income during the year of 2024 was HK\$163,755,000 (2023: HK\$16,497,000).

17. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	1,896	2,086
Work in progress	316,297	207,306
Finished goods	11,872	14,015
	330,065	223,407

NOTES TO FINANCIAL STATEMENTS

31 December 2024

18. TRADE AND BILLS RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	99,595	214,498
Impairment allowance	(12,095)	(23,013)
	87,500	191,485
Bills receivables	–	870
	87,500	192,355

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 December 2024, the Group had certain concentration of credit risk that may arise from the exposure for balances due from top five customers, which accounted for 63% (2023: 50%) of the Group's trade and bills receivables balance. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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

	2024 HK\$'000	2023 HK\$'000
Less than 4 months	54,807	143,530
4 to 6 months	21,875	33,360
7 to 12 months	6,599	3,686
Over 1 year	4,219	11,779
	87,500	192,355

Included in the trade and bills receivable balance as at 31 December 2024 are receivables from a related party amounting to HK\$2,880,000 (2023: HK\$3,600,000). The amount is unsecured, non-interest-bearing and has a repayment term of 30 days, which is the term similar to those offered to other major customers of the Group.

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

	2024 HK\$'000	2023 HK\$'000
At beginning of year	23,013	17,142
(Reversal of impairment losses)/impairment losses, net	(10,676)	6,680
Exchange realignment	(242)	(809)
At end of year	12,095	23,013

NOTES TO FINANCIAL STATEMENTS

31 December 2024

18. TRADE AND BILL RECEIVABLES (CONTINUED)

The decrease (2023: increase) in the loss allowance was due to the settlement of aged receivable.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type and credit rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2024

	Current	Past due				Total
		Less than 4 months	4 to 6 months	7 to 12 months	Over 1 year	
Expected credit loss rate	2.5%	4.9%	5.1%	11.7%	68.6%	12.1%
Gross carrying amount (HK\$'000)	52,562	4,034	23,040	7,472	12,487	99,595
Expected credit loss (HK\$'000)	1,295	197	1,165	873	8,565	12,095

As at 31 December 2023

	Current	Past due				Total
		Less than 4 months	4 to 6 months	7 to 12 months	Over 1 year	
Expected credit loss rate	2.3%	4.2%	7.8%	20.1%	55.2%	10.7%
Gross carrying amount (HK\$'000)	143,598	2,496	36,005	3,191	29,208	214,498
Expected credit loss (HK\$'000)	3,331	104	2,819	641	16,118	23,013

NOTES TO FINANCIAL STATEMENTS

31 December 2024

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	50,463	22,795
Deposits and other receivables	95,856	33,917
	146,319	56,712
Impairment allowance	(30,281)	(9,657)
Total	116,038	47,055
Portion classified as non-current portion	(2,416)	(2,228)
Current portion	113,622	44,827

The movements in the loss allowance for prepayments, deposits and other receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	9,657	6,673
Impairment losses, net	20,638	3,016
Exchange realignment	(14)	(32)
At end of year	30,281	9,657

Deposits and other receivables mainly represent advances to staff, dividend receivables and bond interest receivables. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable entities with published credit ratings. As at 31 December 2024, the probability of default applied ranged from 0.02% to 100.0% (2023: 0.1% to 100.0%) and the loss given default was estimated to be ranged from 61.8% to 100.0% (2023: 61.5% to 73.8%). In the situation where no comparable entities with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2024, included in deposits and other receivables were bond interest receivables which had been provided full impairment and recognised in Stage 3 (2023: Stage 2) due to the credit-impaired. Except for the above, the remaining financial assets included in deposits and other receivables were recognised in Stage 1.

Except for the bond interest receivables, the remaining financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

20. CONTRACT ASSETS

	31 December 2024 HK\$'000	31 December 2023 HK\$'000	1 January 2023 HK\$'000
Contract assets arising from interior decoration and renovation services	7,879	26,440	54,640
Impairment allowance	(152)	(580)	(1,092)
	7,727	25,860	53,548

Contract assets are initially recognised for revenue earned from the provision of interior decoration and renovation services as the receipt of consideration is conditional on successful completion of the decoration and renovation. Included in contract assets for interior decoration and renovation services are retention receivables. Upon completion of decoration or renovation and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease (2023: decrease) in contract assets in 2024 was due to the decrease (2023: decrease) in ongoing interior decoration and renovation services at the end of the year.

As at 31 December 2024, HK\$152,000 (2023: HK\$580,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms with customers are set out in note 18 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	7,727	25,860

NOTES TO FINANCIAL STATEMENTS

31 December 2024

20. CONTRACT ASSETS (CONTINUED)

The movements in the loss allowance for impairment of contract assets are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	580	1,092
Reversal of impairment losses, net	(425)	(487)
Exchange realignment	(3)	(25)
At end of year	152	580

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer base. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e. by customer type and credit rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	2024	2023
Expected credit loss rate	1.9%	2.2%
Gross carrying amount (HK\$'000)	7,879	26,440
Expected credit losses (HK\$'000)	152	580

NOTES TO FINANCIAL STATEMENTS

31 December 2024

21. DUE FROM RELATED COMPANIES

Particulars of the amounts due from related companies, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	Balance at 31 December 2024 HK\$'000	Maximum amount outstanding during the year HK\$'000	Balance at 31 December 2023 and 1 January 2024 HK\$'000	Maximum amount outstanding during the prior year HK\$'000	Balance at 1 January 2023 HK\$'000
Gantin Limited	9,246	10,049	6,251	7,526	6,707
Glory Star Investments Limited	2	27	10	31	31
Champion Glory Limited	19	81	81	81	65
	9,267		6,342		6,803
Impairment allowance	(177)		(126)		(226)
	9,090		6,216		6,577

All of the above related companies are controlled by Dr. Charles Yeung and/or Mr. Yeung Chun Fan, both of them are directors of the Company.

The amounts are unsecured, interest-free and have no fixed terms of repayment.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 HK\$'000	2023 HK\$'000
Listed equity investment in Hong Kong, at fair value	(a)	638	784
Unlisted investments, at fair value	(b)	29,924	–
Structured deposit	(c)	21,312	32,609
		51,874	33,393

Notes:

- (a) The above equity investment was classified as financial assets at fair value through profit or loss as it was held for trading.
- (b) The above unlisted investments were wealth management products issued by a bank in Mainland China with interest rates varied in relation to the relative movement of the underlying benchmark. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (c) The structured deposit was issued by a bank in Mainland China. It was mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

23. CASH AND CASH EQUIVALENTS AND TIME DEPOSIT WITH ORIGINAL MATURITY OF OVER THREE MONTHS WHEN ACQUIRED

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	274,587	207,509
Time deposits	926,931	1,496,648
	1,201,518	1,704,157
Less: Time deposits with original maturity of over three months when acquired	–	(239)
	1,201,518	1,703,918

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK\$187,813,000 (2023: HK\$88,827,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control 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.

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

24. TRADE PAYABLES

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

	2024 HK\$'000	2023 HK\$'000
Less than 4 months	78,366	138,760
4 to 6 months	–	549
Over 6 months	–	50
	78,366	139,359

The trade payables are non-interest-bearing and are normally settled on 90-day (2023: 90-day) terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

25. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	Notes	2024 HK\$'000	2023 HK\$'000
Accruals		233,037	239,350
Other payables	(a)	46,602	42,054
Due to non-controlling shareholders of a subsidiary	(b)	8,185	13,324
Due to other related companies	(b)	315	1,138
		288,139	295,866
Contract liabilities	(c)	398,975	196,743

Notes:

- (a) Other payables are non-interest-bearing and have an average credit term of three months.
- (b) Amounts due to other related companies and non-controlling shareholders of a subsidiary are unsecured, interest-free and do not have a fixed term of repayment.
- (c) Details of contract liabilities are as follows:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000	1 January 2023 HK\$'000
Interior decoration and renovation services and sales of furniture and fixtures	397,773	191,203	198,894
Export of apparel products	1,202	5,540	–
	398,975	196,743	198,894

Contract liabilities include short-term advances received to deliver apparel products and interior decoration and renovation services and sales of furniture and fixtures. The increase in the contract liabilities in 2024 was mainly due to net impact of the increase (2023: decrease) in advance payments from major customers with regard to interior decoration and renovation and sales of furniture and fixtures; and the decrease (2023: increase) in advance payments from export operation customers for sales of apparel products.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

26. INTEREST-BEARING BANK BORROWINGS

31 December 2023			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans – unsecured	3.20 – 3.50	2024	14,175
			2023 HK\$'000
Analysed into:			
Bank loans repayable:			
Within one year			14,175

Notes:

- (a) As at 31 December 2023, the Group's bank loans were guaranteed by corporate guarantees provided by the Shijiazhuang Changhong.
- (b) As at 31 December 2023, all of the Group's bank borrowings were denominated in RMB and bore interest at fixed rates.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

27. DEFERRED TAX

The movements in deferred tax (liabilities)/assets during the year are as follows:

	Depreciation allowance in excess of related depreciation HK\$'000	Withholding taxes HK\$'000	Fair value loss on equity investments HK\$'000	Lease liabilities HK\$'000	Right-of-use assets HK\$'000	Impairment and provisions HK\$'000	Loss available for offsetting taxable profits HK\$'000	Total HK\$'000
At 1 January 2023	(49)	(825)	596	2,834	(2,187)	7,680	255	8,304
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	24	(475)	–	455	(557)	2,528	53	2,028
Deferred tax charged to other comprehensive income during the year	–	–	(92)	–	–	–	–	(92)
Exchange realignment	–	–	(18)	(31)	12	(117)	–	(154)
At 31 December 2023 and at 1 January 2024	(25)	(1,300)	486	3,258	(2,732)	10,091	308	10,086
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	2	(167)	28	(412)	(67)	(7,488)	(121)	(8,225)
Deferred tax charged to other comprehensive income during the year	–	–	(60)	–	–	–	–	(60)
Exchange realignment	–	–	(8)	(61)	60	(46)	–	(55)
As at 31 December 2024	(23)	(1,467)	446	2,785	(2,739)	2,557	187	1,746

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

	2024 HK\$'000	2023 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	3,213	11,386
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,467)	(1,300)
	1,746	10,086

NOTES TO FINANCIAL STATEMENTS

31 December 2024

27. DEFERRED TAX (CONTINUED)

The Group has tax losses arising in Hong Kong of HK\$32,444,000 (2023: Nil) for the year ended 31 December 2024, subject to agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024, deferred tax liabilities of HK\$1,467,000 (2023: HK\$1,300,000) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of one of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that the other subsidiaries established in Mainland China will distribute the unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$36,422,000 at 31 December 2024 (2023: HK\$27,706,000).

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

28. ISSUED CAPITAL AND TREASURY SHARES

	Number of ordinary shares		2024	2023
	2024	2023	2024	2023
	'000	'000	HK\$'000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	6,000,000	6,000,000	600,000	600,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	1,510,240	1,522,644	151,024	152,264

NOTES TO FINANCIAL STATEMENTS

31 December 2024

28. ISSUED CAPITAL AND TREASURY SHARES (CONTINUED)

A summary of movements in the Company's issued share capital is as follows:

	Number of issued shares '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2023	1,527,984	152,798	738,818	891,616
Cancellation of shares repurchased	(5,340)	(534)	(3,675)	(4,209)
At 31 December 2023	1,522,644	152,264	735,143	887,407
Cancellation of shares repurchased	(12,404)	(1,240)	(9,574)	(10,814)
At 31 December 2024	1,510,240	151,024	725,569	876,593

A summary of movements in the Company's treasury shares is as follows:

	Number of ordinary shares		2024	2023
	2024 '000	2023 '000	HK\$'000	HK\$'000
At 1 January	4,972	–	(4,139)	–
Treasury shares repurchased (note)	13,332	10,312	(13,015)	(8,348)
Cancellation of shares repurchased	(12,404)	(5,340)	10,814	4,209
At 31 December	5,900	4,972	(6,340)	(4,139)

Note:

During the year ended 31 December 2024, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

	Number of shares '000	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration paid HK\$'000
January	808	0.84	0.82	671
February	56	0.84	0.83	57
March	28	0.84	0.84	24
April	1,396	0.85	0.83	1,178
May	1,496	0.96	0.84	1,351
June	2,952	0.94	0.88	2,689
July	696	1.01	0.99	705
August	284	1.03	1.01	291
September	1,888	1.05	0.99	1,911
October	1,260	1.09	1.04	1,331
November	1,456	1.14	1.09	1,636
December	1,012	1.24	1.12	1,171
	13,332			13,015

NOTES TO FINANCIAL STATEMENTS

31 December 2024

28. ISSUED CAPITAL AND TREASURY SHARES (CONTINUED)

Note: (continued)

During the year ended 31 December 2024, the Company has cancelled 12,404,000 shares, which comprised shares repurchased during the current year. Upon the cancellation of 12,404,000 shares, issued share capital of the Company was reduced by the par value of HK\$1,240,000 and share premium paid on the repurchase of these cancelled shares of HK\$9,574,000, including transaction costs, was deducted from share premium account of the Company. As at 31 December 2024, there were 5,900,000 outstanding repurchased shares not yet cancelled.

Subsequent to the reporting date, the Company repurchased 1,608,000 own shares through the Stock Exchange with consideration paid without transaction costs of aggregate HK\$1,946,000 in January 2025 and February 2025.

At the date of approval of these financial statements, all outstanding repurchased shares of 7,508,000 were cancelled.

During the year ended 31 December 2023, the Company repurchased its own shares through the Stock Exchange as follows:

	Number of shares '000	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration paid HK\$'000
June	1,040	0.77	0.72	774
July	4,300	0.84	0.76	3,437
September	2,028	0.84	0.81	1,682
October	1,864	0.85	0.82	1,553
November	480	0.85	0.83	405
December	600	0.83	0.82	497
	<u>10,312</u>			<u>8,348</u>

During the year ended 31 December 2023, the Company has cancelled 5,340,000 shares, which comprised shares repurchased during the that year. Upon the cancellation of 5,340,000 shares, issued share capital of the Company was reduced by the par value of HK\$534,000 and share premium paid on the repurchase of these cancelled shares of HK\$3,675,000, including transaction costs, was deducted from share premium account of the Company. As at 31 December 2023, there were 4,972,000 outstanding repurchased shares not yet cancelled.

29. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 2 June 2015, unless otherwise terminated or amended, the Scheme will remain in force for 10 years from the date of adoption.

The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to employees, officers and directors of the Group; and to promote the long term financial success of the Group by aligning the interests of option holders to shareholders.

Pursuant to the Scheme, the maximum number of shares in respect of which options may be granted must not in aggregate exceed 10% of the shares in issue at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme in any 12-month period is limited to 1% of the ordinary shares of the Company in issue.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

29. SHARE OPTION SCHEME (CONTINUED)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The subscription price of the share options is determinable by the board of directors, but shall not be less than whichever is the highest of (i) the closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share of the Company.

No share options were granted under the Scheme for the years ended 31 December 2024 and 2023. 103,871,400 shares are issuable under the Scheme, representing approximately 6.91% (2023: 6.85%) of the total number of issued shares of the Company at the date of approval of these financial statements.

At the end of the reporting period, the Company did not have any share options outstanding under the Scheme (2023: Nil).

At the date of approval of these financial statements, the Company did not have any share options outstanding under the Scheme.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(i) Share premium account

The application of share premium account is governed by the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

The Group's contributed surplus represents the excess of the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1996.

(iii) Other reserves

Other reserves comprise:

- (1) pursuant to the relevant laws and regulations, a portion of the profits of the Group's subsidiaries in Mainland China has been transferred to other reserves, which are restricted as to use; and
- (2) the difference between the amounts of consideration and the carrying amounts of non-controlling interests acquired.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) attributable to non-controlling interest		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hebei Changhong	Mainland China	41.5%	41.5%	12,258	882	14,673	894
Individually immaterial subsidiaries with non-controlling interest				13	(201)	(2,038)	(14)
				12,271	681	12,635	880
					2024		2023
					HK\$'000		HK\$'000
Dividends payable/paid to non-controlling interests					(200)		(7,253)

The following tables illustrate the summarised financial information of Hebei Changhong and its subsidiaries. The amounts disclosed are before any inter-company eliminations:

	2024	2023
	HK\$'000	HK\$'000
Revenue	377,891	468,726
Total expenses	345,471	464,170
Profit for the year	32,420	4,556
Total comprehensive income for the year	31,937	6,042
Current assets	648,617	502,823
Non-current assets	40,650	47,510
Current liabilities	(634,603)	(525,457)
Non-current liabilities	(16,129)	(18,679)
Net cash flows from/(used in) operating activities	133,212	(19,599)
Net cash flows (used in)/from investing activities	(16,230)	30,854
Net cash flows used in financing activities	(18,711)	(41,441)
Net increase/(decrease) in cash and cash equivalents	98,271	(30,186)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$23,506,000 (2023: HK\$12,042,000) and HK\$23,506,000 (2023: HK\$12,042,000), respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

2024

	Interest-bearing bank borrowings HK\$'000	Leases liabilities HK\$'000
At 1 January 2024	14,175	24,417
New bank borrowings made during the year	97,129	–
New leases	–	23,506
Repayment during the year	(111,003)	(7,468)
Interest expenses	–	911
Lease termination	–	(20,150)
Exchange realignment	(301)	(812)
At 31 December 2024	–	20,404

2023

	Interest-bearing bank borrowings HK\$'000	Leases liabilities HK\$'000
At 1 January 2023	48,755	20,000
New bank borrowings made during the year	92,668	–
New leases	–	12,042
Repayment during the year	(125,658)	(7,649)
Interest expenses	–	1,206
Lease termination	–	(490)
Exchange realignment	(1,590)	(692)
At 31 December 2023	14,175	24,417

NOTES TO FINANCIAL STATEMENTS

31 December 2024

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

	2024 HK\$'000	2023 HK\$'000
Within operating activities	4,753	3,654
Within financing activities	6,557	6,443
	11,310	10,097

33. COMMITMENTS

At the end of the reporting period, the Group did not have any significant capital commitment.

34. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2024 HK\$'000	2023 HK\$'000
Rental payments paid to companies controlled by certain directors of the Company	(i)	1,078	22
Management fees paid to companies controlled by certain directors of the Company	(ii)	5	302
Interior decoration and renovation service income received from companies controlled by certain directors of the Company	(iii)	4,394	1,336
Sales of furniture to companies controlled by certain directors of the Company	(iv)	67	1,905
IT technical service fees paid to companies controlled by certain directors of the Company	(v)	21	21
Consulting service fee income	(vi)	6,000	5,680

Notes:

- (i) The rental payments were charged according to the rental agreements which were based on the prevailing open market rentals.
- (ii) The management fees were charged according to the management service agreements signed between the parties and by reference to the cost of services provided.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Notes: (continued)

- (iii) The interior decoration and renovation service fees were charged according to the prices mutually agreed by the parties and were either at market rates or at rates no less favourable to the Company than such rates offered to any other independent third party.
- (iv) The sales of furniture were charged according to the prices mutually agreed by the parties.
- (v) The IT technical service fees were charged according to the costs mutually agreed by the parties based on the prevailing market conditions for comparable IT services.
- (vi) The consulting service fees were charged according to the consulting service agreement signed between the parties based on the prevailing market conditions for comparable consulting services.

(b) Outstanding balances with related parties:

The Group had outstanding receivables from and payable to related companies of HK\$12,147,000 (2023: HK\$9,942,000) and HK\$8,500,000 (2023: HK\$14,462,000), respectively, as at the end of the reporting period. The balances with related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	2,574	2,383
Post-employment benefits	105	102
Total compensation paid to key management personnel	2,679	2,485

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

The related party transactions in respect of items (a)(i), (a)(ii), (a)(iii), (a)(iv), (a)(v) and (a)(vi) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

Financial assets

	Debt investments at amortised cost HK\$'000	Financial assets at amortised cost HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
Debt investments at amortised cost	39,430	-	-	-	39,430
Financial assets at fair value through other comprehensive income	-	-	1,679,490	-	1,679,490
Financial assets at fair value through profit or loss	-	-	-	51,874	51,874
Trade receivables	-	87,500	-	-	87,500
Financial assets included in prepayments, deposits and other receivables	-	65,575	-	-	65,575
Due from related companies	-	9,090	-	-	9,090
Cash and cash equivalents	-	1,201,518	-	-	1,201,518
	39,430	1,363,683	1,679,490	51,874	3,134,477

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	78,366
Financial liabilities included in other payables and accruals	243,145
Lease liabilities	20,404
	341,915

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

Financial assets

	Debt investments at amortised cost HK\$'000	Financial assets at amortised cost HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
Debt investments at amortised cost	197,167	–	–	–	197,167
Financial assets at fair value through other comprehensive income	–	–	576,054	–	576,054
Financial assets at fair value through profit or loss	–	–	–	33,393	33,393
Trade and bills receivables	–	192,355	–	–	192,355
Financial assets included in prepayments, deposits and other receivables	–	22,032	–	–	22,032
Due from related companies	–	6,216	–	–	6,216
Time deposit with original maturity of over three months when acquired	–	239	–	–	239
Cash and cash equivalents	–	1,703,918	–	–	1,703,918
	197,167	1,924,760	576,054	33,393	2,731,374

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	139,359
Financial liabilities included in other payables and accruals	250,104
Interest-bearing bank borrowings	14,175
Lease liabilities	24,417
	428,055

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Financial assets				
Debt investments at amortised cost	39,430	197,167	19,234	22,445
Financial assets at fair value through other comprehensive income	1,679,490	576,054	1,679,490	576,054
Financial assets at fair value through profit or loss	51,874	33,393	51,874	33,393

Management has assessed that the fair values of cash and cash equivalents, time deposit with original maturity of over three months when acquired, trade and bills receivables, trade payables, the current portion of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related companies, and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2023 was assessed to be insignificant. The fair values of the interest-bearing bank borrowings approximate to their carrying amounts as at 31 December 2023.

The fair values of listed equity investments are based on quoted market prices.

The Group invests in unlisted investments, which represent wealth management products issued by a bank in Mainland China. The Group has estimated the fair value of these unlisted investments by reference to that of the issuing the bank.

The fair value of structured deposit was based on the market values provided by the bank at the end of the reporting period. It is estimated with the reference to the expected return of the underlying assets.

The fair value of unlisted equity investment designated at fair value through other comprehensive income has been estimated using a market-based valuation technique discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the Directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to invested capital ("EV/ Invested Capital") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by invested capital. The multiple is then discounted for considerations such as illiquidity between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding invested capital of the unlisted equity investment to measure the fair value. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

For the fair value of the unlisted equity investment at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of the significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable input	Value of input	Sensitivity of fair value to the input
Unlisted equity investment	Market approach	Median EV/ Invested Capital	2024: 1.2 (2023: 1.3)	0.1 (2023: 0.1) increase/decrease in multiple would result in increase/decrease in fair value by HK\$70,000 (2023: HK\$89,000)
		Discount for lack of marketability	2024: 15.6% (2023: 15.7%)	1.0% (2023: 1.0%) increase/decrease in marketability multiple would result in decrease/increase in fair value by HK\$40,000 (2023: HK\$91,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through other comprehensive income:				
Listed equity investments	1,675,887	–	–	1,675,887
Unlisted equity investment	–	–	3,603	3,603
Financial assets at fair value through profit or loss:				
Listed equity investment	638	–	–	638
Unlisted investments	–	29,924	–	29,924
Structured deposit	–	21,312	–	21,312
	1,676,525	51,236	3,603	1,731,364

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through other comprehensive income:				
Listed equity investments	568,424	–	–	568,424
Unlisted equity investment	–	–	7,630	7,630
Financial assets at fair value through profit or loss:				
Listed equity investment	784	–	–	784
Structured deposits	–	32,609	–	32,609
	569,208	32,609	7,630	609,447

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities, and no transfers into or out of Level 3 for financial assets (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Financial assets at fair value through other comprehensive income		
At 1 January	7,630	7,265
Capital reduction	(4,348)	–
Gain recognised in other comprehensive income	399	615
Exchange realignment	(78)	(250)
At 31 December	3,603	7,630

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

Assets for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Debt investments at amortised cost	19,234	–	–	19,234

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Debt investments at amortised cost	22,445	–	–	22,445

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, bank borrowings, time deposit with original maturity of over three months when acquired and cash and cash equivalents. The main purpose of these financial instruments is to earn investment income and raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. A 50-basis point increase/increase in interest rates at 31 December 2024 and 2023 would have increased the Group's profit before tax by HK\$1,372,000 and HK\$1,035,000, respectively. The sensitivity to the interest rate used is considered reasonable, with all other variables held constant.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the units' functional currencies, mostly in United States dollars ("USD") and RMB. In addition, the Group has currency exposures from its debt investments at amortised cost, financial assets at fair value through other comprehensive income and bank deposits, mostly in USD and RMB.

As the Hong Kong dollar is pegged to the United States dollar, the Group does not anticipate significant movements in the exchange rate. The Group monitors the foreign exchange rate risk on an ongoing basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of unlisted equity investment).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2024			
If the Hong Kong dollar weakens against the RMB	1.0	96	36
If the Hong Kong dollar strengthens against the RMB	(1.0)	(96)	(36)
2023			
If the Hong Kong dollar weakens against the RMB	1.0	103	76
If the Hong Kong dollar strengthens against the RMB	(1.0)	(103)	(76)

* Excluding retained profits

Credit risk

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

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are net carrying amounts for financial assets.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Debt investments at amortised cost					
– Doubtful**	–	–	39,430	–	39,430
Contract assets*	–	–	–	7,727	7,727
Trade receivables*	–	–	–	87,500	87,500
Financial assets included in prepayments, deposits and other receivables					
– Normal**	65,575	–	–	–	65,575
Due from related companies	9,090	–	–	–	9,090
Cash and cash equivalents					
– Not yet past due	1,201,518	–	–	–	1,201,518
	1,276,183	–	39,430	95,227	1,410,840

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Debt investments at amortised cost					
– C**	–	197,167	–	–	197,167
Contract assets*	–	–	–	25,860	25,860
Trade and bills receivables*	870	–	–	191,485	192,355
Financial assets included in prepayments, deposits and other receivables					
– Normal**	15,091	–	–	–	15,091
– Doubtful**	–	6,941	–	–	6,941
Due from related companies	6,216	–	–	–	6,216
Time deposit with original maturity of over three months when acquired	239	–	–	–	239
Cash and cash equivalents					
– Not yet past due	1,703,918	–	–	–	1,703,918
	1,726,334	204,108	–	217,345	2,147,787

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 18 and 20 to the financial statements, respectively.

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

The closing loss allowances for debt investments at amortised cost, trade receivables, contract assets, financial assets included in prepayments, deposits and other receivables, and due from related companies as at 31 December are reconciled to the opening loss allowances as follows:

	Debt investments at amortised cost HK\$'000	Trade receivables HK\$'000	Contract assets HK\$'000	Financial assets included in prepayments, deposits and other receivables HK\$'000	Due from related companies HK\$'000
At 1 January 2023	141,559	17,142	1,092	6,673	226
Impairment loss/(reversal of impairment loss), net	112,971	6,680	(487)	3,016	(97)
Exchange realignment	364	(809)	(25)	(32)	(3)
At 31 December 2023 and 1 January 2024	254,894	23,013	580	9,657	126
Impairment loss/(reversal of impairment loss), net	174,689	(10,676)	(425)	20,638	53
Exchange realignment	–	(242)	(3)	(14)	(2)
At 31 December 2024	429,583	12,095	152	30,281	177

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and interest-bearing borrowings. The Group's policy is to match the maturity of borrowings with expected cash inflows from the relevant assets acquired to ensure proper funding.

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

	2024			Total HK\$'000
	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade payables	78,366	–	–	78,366
Financial liabilities included in other payables and accruals	243,145	–	–	243,145
Lease liabilities	7,076	14,621	–	21,697
	328,587	14,621	–	343,208
	2023			Total HK\$'000
	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade payables	139,359	–	–	139,359
Financial liabilities included in other payables and accruals	250,104	–	–	250,104
Lease liabilities	7,385	14,344	5,870	27,599
Interest-bearing bank borrowings	14,414	–	–	14,414
	411,262	14,344	5,870	431,476

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. As at 31 December 2024 and 2023, the Group was exposed to equity price risk arising from individual equity investments at fair value through other comprehensive income (note 16) and equity investment at fair value through profit or loss (note 22). The Group's listed equity investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices as at 31 December 2024 and 2023.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, raise and repay debts or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is total bank borrowings divided by the total shareholders' equity plus total borrowings. Total borrowings include interest-bearing bank borrowings. Total shareholders' equity comprises all components of equity attributable to ordinary equity holders of the Company. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods were as follows:

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank borrowings	–	14,175
Total shareholders' equity	2,750,789	2,376,529
Borrowings and total shareholders' equity	2,750,789	2,390,704
Gearing ratio	0%	1%

NOTES TO FINANCIAL STATEMENTS

31 December 2024

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSET		
Investment in a subsidiary	377,717	377,717
CURRENT ASSETS		
Due from a subsidiary	480,497	1,155,191
Other receivables	1,760	159
Cash and cash equivalents	838,396	297,944
Total current assets	1,320,653	1,453,294
CURRENT LIABILITIES		
Other payables	11,399	7,768
NET CURRENT ASSETS	1,309,254	1,445,526
Net assets	1,686,971	1,823,243
EQUITY		
Issued capital	151,024	152,264
Treasury shares	(6,340)	(4,139)
Reserves (note)	1,542,287	1,675,118
Total equity	1,686,971	1,823,243

NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Note:

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

	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	738,818	377,567	581,464	1,697,849
Total comprehensive income for the year	–	–	72,515	72,515
Cancellation of shares repurchased	(3,675)	–	–	(3,675)
Final 2022 dividend	–	–	(61,119)	(61,119)
Interim 2023 dividend	–	–	(30,452)	(30,452)
At 31 December 2023 and 1 January 2024	735,143	377,567	562,408	1,675,118
Total comprehensive income for the year	–	–	9,825	9,825
Cancellation of shares repurchased	(9,574)	–	–	(9,574)
Final 2023 dividend	–	–	(72,685)	(72,685)
Interim 2024 dividend	–	–	(60,397)	(60,397)
At 31 December 2024	725,569	377,567	439,151	1,542,287

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

FINANCIAL SUMMARY

A summary of the results of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	910,170	821,237	1,060,681	997,841	707,548
Profit before tax	101,776	51,850	44,565	49,574	102,715
Income tax (expense)/credit	(28,125)	(7,559)	929	(6,413)	(4,598)
Profit for the year	73,651	44,291	45,494	43,161	98,117
Attributable to:					
Ordinary equity holders of the Company	61,380	43,610	39,229	36,996	90,018
Non-controlling interests	12,271	681	6,265	6,165	8,099
	73,651	44,291	45,494	43,161	98,117

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

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
TOTAL ASSETS	3,563,438	3,052,595	3,117,529	3,297,152	3,147,002
TOTAL LIABILITIES	(800,014)	(675,186)	(687,916)	(806,890)	(546,193)
NON-CONTROLLING INTERESTS	(12,635)	(880)	(792)	(23,435)	(22,457)
	2,750,789	2,376,529	2,428,821	2,466,827	2,578,352



常宏為華為智慧生活館（哈爾濱建設街店）提供門頭建設與店裝服務
Changhong provided storefront decoration design and interior construction services to Huawei Intelligent Living Hall at Jianshe Street, Harbin