



Win Hanverky Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3322)



2024
ANNUAL REPORT



Win Hanverky Holdings Limited and its subsidiaries are an integrated manufacturer and retailer for international sports, fashion and outdoor brands. We have two broad lines of business, namely Manufacturing Business and High-end Fashion Retailing Business, with geographical markets spanning over Europe, the United States, Mainland China and Hong Kong.

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 6 September 2006.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Kwok Tung Roy (*Chairman*)
Mr. LAI Ching Ping (*Deputy Chairman*)
Mr. LEE Kwok Leung (*Chief Executive Officer*)
Mr. WONG Chi Keung (*Chief Financial Officer*)

Independent Non-Executive Directors

Mr. KWAN Kai Cheong
Mr. MA Ka Chun
Ms. CHAN Kit Fun Fanny

COMPANY SECRETARY

Ms. LAM Choi Ha

AUTHORISED REPRESENTATIVES

Mr. LI Kwok Tung Roy
Mr. WONG Chi Keung

BOARD COMMITTEES

Audit Committee

Mr. KWAN Kai Cheong (*Chairman*)
Mr. MA Ka Chun
Ms. CHAN Kit Fun Fanny

Remuneration Committee

Ms. CHAN Kit Fun Fanny (*Chairman*)
Mr. LI Kwok Tung Roy
Mr. KWAN Kai Cheong

Nomination Committee

Mr. MA Ka Chun (*Chairman*)
Mr. LI Kwok Tung Roy
Ms. CHAN Kit Fun Fanny

LEGAL ADVISOR

Deacons

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, Phase 6
Hong Kong Spinners Industrial Building
481-483 Castle Peak Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited

INVESTOR RELATIONS CONTACT

Strategic Financial Relations Limited

SHARE INFORMATION

Listing: The Main Board of
The Stock Exchange of Hong Kong
Limited
Board lot: 2,000 Shares
Stock code: 3322

COMPANY WEBSITE

www.winhanverky.com

Financial Highlights

KEY FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

	For the year ended/As at 31 December				
	2024	2023	*2022	2021	2020
Financial Performance (HK\$'000)					
Continuing operations					
Revenue	3,973,103	3,073,686	4,084,162	4,136,603	4,021,402
Gross profit	774,634	504,136	822,451	998,991	964,901
Operating (loss)/profit	(9,339)	(231,371)	107,964	(50,877)	(47,068)
(Loss)/profit before income tax	(50,714)	(275,000)	71,232	(82,639)	(82,431)
(Loss)/profit from continuing operations	(61,943)	(262,498)	81,242	(69,634)	(83,785)
Loss from discontinued operations	—	(120,110)	(57,611)	—	(104,728)
(Loss)/profit for the year	(61,943)	(382,608)	23,631	(69,634)	(188,513)
(Loss)/profit attributable to equity holders	(68,438)	(375,291)	10,070	(66,416)	(233,821)
Financial Position (HK\$'000)					
Non-current assets	1,051,728	1,154,857	1,272,836	1,456,973	1,422,418
Current assets	1,645,908	1,675,186	2,192,348	2,488,284	2,396,612
Current liabilities	1,205,273	1,198,020	1,438,874	1,781,008	1,696,581
Net current assets	440,635	477,166	753,474	707,276	700,031
Total assets	2,697,636	2,830,043	3,465,184	3,945,257	3,819,030
Total assets less current liabilities	1,492,363	1,632,023	2,026,310	2,164,249	2,122,449
Total equity	1,345,159	1,440,781	1,859,765	1,942,651	1,968,346
Cash and bank balances	250,321	209,456	370,489	415,819	695,088
Operation Indicators					
Gross profit margin					
from continuing operations (%)	19.5	16.4	20.1	24.2	24.0
Net (loss)/profit margin					
from continuing operations (%)	(1.6)	(8.5)	2.0	(1.7)	(2.1)
Net gearing ratio (%)^	16.0	18.4	22.8	27.3	10.2
Current ratio (times)	1.4	1.4	1.5	1.4	1.4
Trade receivable turnover period (days)	45	52	41	44	49
Inventory turnover period (days)	84	113	104	143	138

Notes:

[^] Net gearing ratio represents total borrowings (including bank borrowings and loans from non-controlling interests of subsidiaries) less cash and bank balances, divided by total equity.

^{*} The income statements distinguish discontinued operations from continuing operations. Comparative figures under financial performance and certain operation indicators for the year ended 31 December 2022 have been re-presented accordingly. Comparative figures for the years ended 31 December 2020 and 2021 have not been re-presented as it is impractical to restate historical figures.

Chairman's Statement

BUSINESS AND FINANCIAL HIGHLIGHTS

In 2024, our Group demonstrated remarkable resilience and adaptability amidst a challenging economic landscape. We achieved a significant increase in revenue from continuing operations, amounting to HK\$3,973.1 million (2023: HK\$3,073.7 million), representing an increase of 29.3%.

Manufacturing Business has experienced a meaningful and solid recovery in 2024. The momentum of customer orders has been re-gained as our customers' overstocking issue has been significantly improved. As a result, revenue from Manufacturing Business amounted to HK\$3,321.0 million (2023: HK\$2,466.0 million), representing an increase of 34.7%.

High-end Fashion Retailing Business has continued to focus on the Mainland China market. Although the customer demand is still frail, particularly for discretionary items, the introduction of direct operated plus franchise model indicates a promising direction for the business. Revenue from continuing operations of High-end Fashion Retailing Business amounted to HK\$652.1 million (2023: HK\$607.7 million), representing an increase of 7.3%.

Gross profit margin from continuing operations increased to 19.5% (2023: 16.4%), reflecting improved production capacity utilisation and operational efficiency in Sportswear Manufacturing Business due to rebound in orders received from customers.

The Group successfully turned around from loss after taxation of HK\$85.7 million in the first half of 2024 to profit after taxation of HK\$23.8 million in the second half of 2024. Overall, the Group recorded loss after taxation of HK\$61.9 million for the year ended 31 December 2024 (2023: loss after taxation of HK\$382.6 million).

Against the backdrop of the challenging environment, the financial and liquidity position of the Group remains healthy. As at 31 December 2024, cash and bank balances increased to HK\$250.3 million (2023: HK\$209.5 million) and net gearing ratio reduced to 16.0% (2023: 18.4%).

OUTLOOK

As we look ahead, our view remains cautiously optimistic. The markets we operate in are still fraught with uncertainties, especially given the challenging and volatile macroeconomic backdrop. The potential resurgence of trade wars and the implementation of adverse tariff schemes are concerning, however, we are confident that our adaptability and diversified business model will enable us to navigate these challenges effectively and continue to support sustainable development.

Manufacturing Business has shown remarkable resilience. After a significant recovery in 2024, the inventory glut issue faced by our major customers have been significantly improved. It is anticipated that the business from existing customers will remain relatively stable in near future. As for the driver of for our long-term growth, we remain dedicated to identifying new clientele and expanding our customer base. By broadening our customer portfolio, we aim to enhance our leading market position and secure sustainable long-term growth.

Chairman's Statement

High-end Fashion Retailing Business will continue to focus on the Mainland China market. While it is expected that market sentiment remains volatile, with a prolonged and uneven recovery path, we are committed to navigating these challenges with agility and prudence.

While 2025 still presents uncertainties, we remain cautiously optimistic about our prospects. We will continue to prioritise prudent cost management and maintain operational agility against the backdrop of this dynamic environment.

DIVIDENDS

The Board considers to conserve financial resources and therefore does not recommend the payment of dividend in order to better prepare for the evolving market and business landscape. We will continue to monitor the market situation and reassess our dividend payout from time to time.

ACKNOWLEDGEMENT

Finally, I would like to express my deepest gratitude to our Directors and the entire team for their unwavering dedication and tireless efforts in overcoming numerous challenges. I am also profoundly thankful to our clients, shareholders and business partners for their enduring trust and support.

LI Kwok Tung Roy

Chairman

Hong Kong, 20 March 2025

Management Discussion and Analysis

The Group is an integrated manufacturer and retailer for internationally renowned sports, fashion and outdoor brands. The financial performance of the Group for the year ended 31 December 2024 is summarised below:

OVERALL REVIEW

Revenue of the Group from continuing operations amounted to HK\$3,973.1 million (2023: HK\$3,073.7 million), representing an increase of 29.3%. The increase was mainly attributable to the rebounded orders received from customers of Sportswear Manufacturing Business as they have significantly improved their inventory glut issue. The momentum of customer orders has been re-gained as driven by the increased consumer demand from the European market, in particular arising from the large-scale major sports events.

Gross profit margin of the Group from continuing operations increased to 19.5% (2023: 16.4%). The increase in gross profit margin of 3.1 percentage points was mainly attributable to the improvement in production capacity utilisation rate and operating efficiency of Sportswear Manufacturing Business resulting from the rebounded orders. As a result, gross profit of the Group from continuing operations increased by HK\$270.5 million to HK\$774.6 million (2023: HK\$504.1 million), 53.7% higher than that of 2023.

Selling and distribution costs increased by HK\$22.0 million to HK\$365.6 million (2023: HK\$343.6 million), which was mainly due to impairment loss of HK\$34.8 million (2023: HK\$17.6 million) incurred for certain retail store assets.

General and administrative expenses decreased by HK\$15.3 million to HK\$425.6 million (2023: HK\$440.9 million), which was mainly attributable to the Group's effort of cost control.

Consequently, though operating results still recorded a loss of HK\$9.3 million, it was substantially reduced as compared to operating loss of HK\$231.4 million for the year ended 31 December 2023. Operating loss was mainly attributable to operating loss of HK\$63.5 million (2023: operating loss of HK\$47.1 million) from continuing operations of High-end Fashion Retailing Business due to continued sluggish consumer consumption.

The Group ceased to operate licensed stores of "Champion" since January 2024. The related operations had been regarded as discontinued operations and no further loss was incurred in 2024 (2023: loss after taxation of HK\$120.1 million).

The Group successfully turned around from loss after taxation of HK\$85.7 million in the first half of 2024 to profit after taxation of HK\$23.8 million in the second half of 2024. Overall, the Group recorded loss after taxation of HK\$61.9 million for the year ended 31 December 2024 (2023: loss after taxation of HK\$382.6 million, excluding discontinued operations, loss after taxation from continuing operations would be HK\$262.5 million for the year ended 31 December 2023).

The Board considers to conserve financial resources and does not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil) in view of the challenges ahead. We will continue to monitor the market situation and review our dividend payout from time to time.

Management Discussion and Analysis

BUSINESS REVIEW

The operating environment remained complex in 2024. Manufacturing Business re-gained momentum in customer orders as our major customers significantly improved their inventory glut issue. Despite this, the economic recovery in the Greater China regions remained sluggish, dampening consumer sentiment, particularly in the light luxury retail market where our High-end Fashion Retailing Business operates. While the situation stabilised in the second half of 2024, consumer sentiment was generally cautious, reflecting concerns over economic uncertainty.

The financial performance of the business segments is summarised below:

Manufacturing Business

Our Manufacturing Business comprises “**Sportswear Manufacturing Business**” and “**High-end Functional Outerwear Manufacturing Business**”.

Sportswear Manufacturing Business

The Group’s Sportswear Manufacturing Business operates mainly through its OEM arrangements for a number of internationally renowned brands. Most of the Group’s products are exported and sold to Europe, the United States and Mainland China. The Group has a long history and a distinctive position in sportswear garment manufacturing and has established long-term business relationships with its key customers.

Revenue from Sportswear Manufacturing Business increased by HK\$576.9 million to HK\$2,457.1 million (2023: HK\$1,880.2 million), representing an increase of 30.7%. The increase was mainly due to the rebounded orders received from customers as they have significantly improved their inventory glut issue. The momentum of customer orders has been re-gained as driven by the increased consumer demand, particularly from the large-scale major sports events. Overall, the business successfully turned around from operating loss of HK\$187.7 million for the year ended 31 December 2023 to operating profit of HK\$16.0 million for the year ended 31 December 2024.

High-end Functional Outerwear Manufacturing Business

Revenue from High-end Functional Outerwear Manufacturing Business increased by HK\$278.3 million to HK\$864.0 million (2023: HK\$585.7 million), representing an increase of 47.5%. It was mainly attributable to the increased orders received from the Mainland China market arising from the enlarged scope and volume of cooperation with a comprehensive sportswear conglomerate in the Mainland China market. Operating profit of HK\$38.2 million had been achieved for the year ended 31 December 2024 (2023: operating profit of HK\$3.5 million).

Management Discussion and Analysis

High-end Fashion Retailing Business

The Group's High-end Fashion Retailing Business had fashion retail networks through "**D-mop**" and "**J-01**" stores to sell self-owned brands, as well as imported brands, in Hong Kong and Mainland China. In addition, it had distribution rights for brands including "**Y-3**" in Mainland China, Hong Kong, Macau and Taiwan, and "**Barbour**" in Mainland China and Hong Kong. It also operated licensed stores for brands "**DAKS**" in Mainland China and "**New Era**" in Hong Kong.

The Group introduced franchise stores, in addition to direct operated stores, for a fast-growing brand in the second half of 2024. This marked a pivotal strategic shift for High-end Fashion Retailing Business, enabling it to bolster business growth and profitability of certain brands with proven market presence. This strategic move successfully reduced operating loss of High-end Fashion Retailing Business from HK\$52.2 million in the first half of 2024 to HK\$11.3 million in the second half of 2024. The fast-growing brand primarily focuses on winter products and therefore the sales to franchise stores and profit generated are mainly recorded in the second half of the year.

Overall, revenue from High-end Fashion Retailing Business increased by HK\$44.4 million to HK\$652.1 million (2023: HK\$607.7 million), representing a slight increase of 7.3%. However, other brands of High-end Fashion Retailing Business were still impacted by market downturns and persistent weak economic factors. Due to the adverse impact on the retail store performance of other brands, impairment loss of HK\$34.8 million (2023: HK\$17.6 million) was provided. As a result, operating loss of HK\$63.5 million was recorded for the year ended 31 December 2024 (2023: operating loss of HK\$47.1 million).

As at 31 December 2024, the total number of direct operated stores of continuing operations decreased to 102 (2023: 123), of which 76 (2023: 94) stores were in Mainland China, 17 (2023: 18) stores were in Hong Kong and Macau, and 9 (2023: 11) stores in Taiwan and other regions.

PROSPECTS

Looking ahead, we will maintain a cautious approach, acknowledging the persistent uncertainties in the markets we operate in, particularly in light of the challenging and volatile macroeconomic environment. While the inflation and interest rates of the United States have declined, the pace of reduction is expected to be slow, indicating that global monetary policies are expected to remain restrictive in the short term. Despite the potential resurgence of trade wars and adverse tariff schemes, we believe that our flexibility and diversified business model will help us navigate the road ahead and foster sustainable development.

Manufacturing Business

Sportswear Manufacturing Business

Sportswear Manufacturing Business has successfully turned around, driven by rebound in orders received from customers. Sportswear products are expected to remain fundamentally attractive as the high awareness for health and fitness, coupled with the elevated sports participation rates in the world will sustain. In addition, the inventory glut issue faced by major customers has been significantly improved, leading to a more stable outlook for Sportswear Manufacturing Business in near future. As for the driver of our long-term growth, we remain dedicated to identifying new clientele and expanding our customer base. By broadening our customer portfolio, we aim to enhance our leading market position and secure sustainable long-term growth.

Management Discussion and Analysis

High-end Functional Outerwear Manufacturing Business

High-end Functional Outerwear Manufacturing Business has continued to make good progress in Mainland China market riding on the successful strategic partnership with a comprehensive sportswear conglomerate. It is expected that business performance of this segment will remain stable, driven by leveraging with this strategic partnership and ongoing consumer preference for high-quality and comfortable outerwear.

High-end Fashion Retailing Business

In Mainland China and Hong Kong, consumers remained cautious about spending, especially on discretionary items. The light luxury retail market is facing challenges due to evolving consumption patterns. As such, the path to recovery is expected to be prolonged and uneven, marked by diminishing momentum and a cautious market outlook. In response, the Group introduced franchise stores, in addition to direct operated stores, for a fast-growing brand in the second half of 2024. This marked a pivotal strategic shift for High-end Fashion Retailing Business, enabling it to bolster business growth and profitability of certain brands with proven market presence, indicating a promising direction for the business. By carrying this direct operated plus franchise model into 2025, the brand can capitalise on its existing reputation while expanding its footprint and driving revenue growth through a network of partner-operated retail stores. This approach not only diversifies risks but also fosters growth and adaptability to local markets. Despite these strategic moves, it is imperative to continue implementing strict cost controls and closing down non-profitable stores across the region.

FINANCIAL POSITION AND LIQUIDITY

In view of the challenges and uncertainties ahead, the Group will continue to proactively monitor the situation and impose strict cost control measures and focus on its cash flow management to ensure that it remains a healthy liquidity position.

Against the backdrop of the challenging environment, the Group's financial and liquidity position remains healthy. As at 31 December 2024, the Group had cash and bank balances of HK\$250.3 million (2023: HK\$209.5 million) and net borrowings (bank borrowings and loans from non-controlling interests of subsidiaries less cash and bank balances) of HK\$214.7 million (2023: HK\$265.2 million), together with available undrawn banking facilities of HK\$713.9 million (2023: HK\$666.2 million). The net change was mainly attributable to the cash generated from operating and investing activities, net with repayment of bank borrowings. The net gearing ratio (being net borrowings divided by total equity) as at 31 December 2024 was 16.0% (2023: 18.4%).

The Group expects that there will be steady cash inflow from operations coupled with sufficient cash and bank balances and based on its readily available banking facilities, the Group has adequate liquidity and financial resources to cover its operating costs and meet its financial obligations as and when they fall due in the coming twelve months from the date of this annual report.

Management Discussion and Analysis

FOREIGN CURRENCY EXPOSURE

Hong Kong Dollar (“**HKD**”) serves as the Company’s functional currency and the Group’s presentation currency. The Group considers its foreign currency exchange exposure arising from United States Dollar (“**USD**”) transactions and USD cash balances to be minimal during the year given that HKD was pegged against USD.

The Group’s revenue and purchases were primarily denominated in USD, Renminbi (“**RMB**”) and HKD. During the year, approximately 59.7%, 36.0% and 3.0% of revenue were denominated in USD, RMB and HKD respectively, whereas approximately 74.5%, 23.0% and 1.1% of purchases were denominated in USD, RMB and HKD respectively.

As at 31 December 2024, approximately 52.0%, 37.2% and 7.8% of cash and bank balances were denominated in USD, RMB and HKD respectively, and approximately 58.2%, 31.0% and 10.7% of bank borrowings were denominated in HKD, USD and RMB respectively.

To minimise the impact of foreign currency rate volatility, we monitor foreign currency risk closely on an ongoing basis to ensure that the net exposure is at an acceptable level. If necessary, after consideration of the Group’s future operation and investment needs in different currencies, we may use proper financial instruments to reduce the currency risk exposure.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 17,000 employees (2023: approximately 16,000 employees). The Group remunerates employees based on their performance, working experience and prevailing market conditions. Other employee benefits include retirement benefits, insurance, medical coverage and share option schemes.

CHARGES ON THE GROUP’S ASSETS

As at 31 December 2024, bank deposit of HK\$1.2 million (2023: HK\$1.2 million) was pledged as security deposit at Customs Department for a subsidiary of the Group; and land and properties with an aggregate carrying amount of HK\$82.0 million (2023: HK\$71.3 million) were pledged to banks for certain banking facilities of the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities, litigation or arbitration of material importance as at 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

LI Kwok Tung Roy, aged 74, is our executive Director, co-founder and Chairman and authorised representative. He was appointed as an executive Director in December 2005. Mr. LI is the elder brother of Mr. LEE Kwok Leung and the father of Mr. LI Chun Ho Fredrick. Mr. LI is responsible for strategic planning and overall management of our Group. Mr. LI has over 45 years of experience in the apparel industry and handling client relationship.

Mr. LI is currently the director of certain subsidiaries of the Company. He is also the director and shareholder holding 70% interest of Quinta Asia Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed “Substantial Shareholders’ Interests and Short Positions in the Shares and Underlying Shares of the Company” in this annual report.

LAI Ching Ping, aged 74, is our executive Director, co-founder and Deputy Chairman. He was appointed as an executive Director in December 2005. Mr. LAI assists the Chairman in board management and provides advice on the Group’s direction and critical decisions. Mr. LAI has over 45 years of experience in the apparel industry.

Mr. LAI is currently the director of certain subsidiaries of the Company. He is also the director and shareholder holding 30% interest of Quinta Asia Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed “Substantial Shareholders’ Interests and Short Positions in the Shares and Underlying Shares of the Company” in this annual report.

LEE Kwok Leung, aged 62, is our executive Director and Chief Executive Officer. He was appointed as an executive Director in February 2006 and is currently the director of certain subsidiaries of the Company. Mr. LEE is the younger brother of Mr. LI Kwok Tung Roy. Mr. LEE is responsible for overall management, strategic planning, execution and technology implementation of our Group. Mr. LEE has been with us for over 35 years after his graduation from the York University in 1987 with a Bachelor of Arts degree.

WONG Chi Keung, aged 58, is our executive Director, Chief Financial Officer and authorised representative. Mr. WONG joined us in March 2014 and is currently the director of certain subsidiaries of the Company. He has more than 32 years of experience in accounting, auditing and finance. Between 2006 and 2013, Mr. WONG served as the chief financial officer for a number of sino-foreign joint venture and Hong Kong and US listed companies, including China Dongxiang (Group) Co., Ltd. and Besunyen Holdings Company Limited, both companies are listed on the Stock Exchange. Between 2002 and 2006, Mr. WONG worked at various operating entities of China Netcom Group, including serving as a senior finance manager of China Netcom Group Corporation (Hong Kong) Limited, a company previously listed on the Main Board of the Stock Exchange. Between 1989 and 1999, Mr. WONG worked for PricewaterhouseCoopers, an international public accounting firm and lastly as an audit manager. Mr. WONG is currently an independent non-executive director of Sinomax Group Limited, a company listed on the Stock Exchange.

Mr. WONG obtained a Bachelor degree in Business Administration from the Chinese University of Hong Kong in 1989 and a Master degree in Business Administration from the Australian Graduate School of Management in 2002. Mr. WONG is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

KWAN Kai Cheong, aged 75, is our independent non-executive Director. He joined us in April 2006. Mr. KWAN is currently the managing director of Morrison & Company Limited, a business consultancy firm. He is also an independent non-executive director of several listed companies in Hong Kong including Henderson Sunlight Asset Management Limited (as the manager of Sunlight Real Estate Investment Trust), Greenland Hong Kong Holdings Limited, CK Life Sciences Int'l., (Holdings) Inc., HK Electric Investments Limited and HK Electric Investments Manager Limited (as the trustee manager of HK Electric Investments Limited).

Mr. KWAN previously worked for Merrill Lynch & Co. Inc. and was the president for its Asia Pacific region. He was an independent non-executive director of Beijing Energy International Holding Co., Ltd. (formerly known as Panda Green Energy Group Limited) until June 2021 and a non-executive director of China Properties Group Limited from February 2007 to June 2023 (which is in liquidation and delisted from the Stock Exchange in August 2023). He was also formerly the chairman of the board of G.T. Land Holdings Limited, a commercial property company in Mainland China.

Mr. KWAN completed the Stanford Executive Program in 1992. He also holds a Bachelor of Accountancy (Honours) degree from the University of Singapore. He is a fellow of the Institute of Chartered Accountants in Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors.

MA Ka Chun, aged 73, is our independent non-executive Director. Mr. MA joined us in June 2006. Mr. MA has been in the apparel industry for over 35 years and holds a Bachelor of Social Science degree from the University of Hong Kong.

CHAN Kit Fun Fanny, aged 65, is our independent non-executive Director. She joined us in July 2022. Ms. CHAN is currently a consultant to the chairman of KBL Group International Ltd., which is engaged in the marketing and manufacturing of apparel with major market in the United States and production network across China and Asia. She has over 30 years of experience in banking and manufacturing industries covering corporate and commercial banking, client coverage, strategic transformation, operations management, internal control and compliance, sales and marketing, new business set up and production management. Ms. CHAN is also an independent non-executive director of Time Interconnect Technology Limited, a company listed on the Stock Exchange.

Ms. CHAN previously worked for China CITIC Bank International and Standard Chartered Bank in their respective wholesale banking divisions. She was also a senior executive in the subsidiaries of Boto International Holdings Ltd. (currently known as Imagi International Holdings Limited, a company whose shares are listed on the Stock Exchange) from 1994 to 2004 during which she led its marketing of consumer products to global markets and supervised its manufacturing of certain product lines.

Ms. CHAN holds a Master of Business Administration degree from the City University London and a Bachelor of Arts degree from the University of Hong Kong.

Biographical Details of Directors and Senior Management

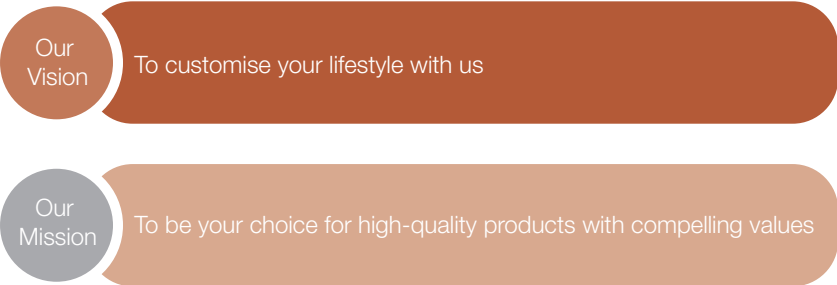
SENIOR MANAGEMENT

LI Chun Ho Fredrick, aged 48, is the managing director of the Shine Gold Group, that is High-end Fashion Retailing Business, and is the son of Mr. LI Kwok Tung Roy. Mr. LI is responsible for overall management, strategic planning and execution of the Shine Gold Group. Mr. LI joined us in 2004 and was the sales and marketing director of Sportswear Manufacturing Business. He then became the senior management of the Shine Gold Group in 2011 and was promoted to the managing director of the Shine Gold Group in 2016. Prior to joining us, Mr. LI worked in the finance industry in Canada. Mr. LI obtained a Bachelor degree in Commerce from the University of Toronto in 2000 and an Executive Master of Business Administration degree from the Chinese University of Hong Kong in 2011.

LAM Choi Ha, aged 46, is our Company Secretary responsible for handling the company secretarial and compliance affairs of the Group, as well as facilitating the Board process. Ms. LAM joined us in November 2005 and was promoted to be the Company Secretary in September 2010. Prior to joining us, Ms. LAM has worked in the accountancy profession with PricewaterhouseCoopers. Ms. LAM obtained a Bachelor degree in Business Administration from the Hong Kong Baptist University in 2001. Ms. LAM is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report

The Board recognises the importance of incorporating elements of good corporate governance into the management structure and the risk management and internal control procedures of the Group so as to ensure that all business activities of the Group and the decision making process are properly regulated. These include but not limit to integrity, ethical conduct and responsible business practices which are instilled and continually reinforced across the Group. We believe that corporate culture, which is a reflection of our corporate values, of acting lawfully, ethically and responsibly are integral to its operations, long-term growth and sustainability and is essential to its success. It's also the Board's role to foster a sound corporate culture to guide the behaviours of its employees and ensure that the corporate vision, mission and values of the Group are aligned to it. Below shows the corporate vision, mission and values of the Group.



Three corporate values have been established to guide our employees towards the corporate vision and mission.

Our Values		
Be Excellent Have self-belief and ownership mindset for awesome results and growth	Be Bold Embrace new ideas and fail forward, creating a culture that drives innovation	Win Together 1 + 1 = 3 (or more!) One company, one team, one vision

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has applied the principles and complied with the applicable code provisions in the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules.

Corporate Governance Report

BOARD OF DIRECTORS

The overall management of the Group's business is vested in the Board.

The Board is responsible for governing the Group and managing assets entrusted by the Shareholders. Its principal responsibilities include formulating the Group's business strategies and management objectives, monitoring and overseeing the performance of the Group, setting the Group's values and standards and ensuring a prudent and effective framework of risk management and internal control is in place to enable risks to be assessed and managed.

The day-to-day operations of the Group are delegated to the Chief Executive Officer and the management of the Group. The delegated functions and work tasks are periodically reviewed.

Composition

The Board currently comprises four executive Directors and three independent non-executive Directors, whose biographical details and relationships among the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 11 to 13.

The composition of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group.

All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, contributing to the successful performance of the Group.

Relationship Between the Board Members

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management", none of the members of the Board has any relationship (including financial, business, family or other material/relevant relationship) between each other.

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the roles of the Chairman and the Chief Executive Officer are clearly segregated.

The Chairman of the Board is Mr. LI Kwok Tung Roy and his principal role is to provide leadership for the Board on corporate and strategic planning, ensure proper proceedings of the Board and encourage all Directors to have active contributions to the Board's affairs.

The Chief Executive Officer is Mr. LEE Kwok Leung. Supported by the other executive Directors and the management, his principal role is to manage and operate the Group's day-to-day business, including the implementation of major strategies and initiatives adopted by the Board.

Corporate Governance Report

Responsibilities, Accountability and Contribution of the Board and Management

The management of the Company is led by the executive Directors of the Board and has been delegated powers and authorities to carry out the day-to-day operations of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The management assumes full accountability to the Board for the operations of the Group.

The Board had given clear directions to the management, while certain matters (including the following) must be reserved to the Board for its approval:

- (a) Publication of final and interim results of the Company;
- (b) Decisions on whether or not to declare, recommend and pay dividend;
- (c) Changes to major group structure or board composition;
- (d) Notifiable or connected transactions within the meaning of Chapters 14 and 14A to the Listing Rules; and
- (e) Matters specifically set out in the Listing Rules which require approval at a full board meeting.

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") in Appendix C3 to the Listing Rules. Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year under review.

All Directors are also reminded not to deal in the securities of the Company within 30 days and 60 days before the publication of the interim and the annual results announcements, respectively, and they are prohibited to make use of inside information to deal in the securities of the Company.

Continuous Professional Development

Each newly appointed Director has received comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and relevant regulatory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities.

During the year under review, the Company has arranged training sessions to Mr. LI Kwok Tung Roy, Mr. LAI Ching Ping, Mr. LEE Kwok Leung, Mr. WONG Chi Keung, Mr. KWAN Kai Cheong, Mr. MA Ka Chun and Ms. CHAN Kit Fun Fanny which are conducted by external professional bodies to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contribution to the Board remains informed and relevant.

Corporate Governance Report

Independent Non-Executive Directors

Independent non-executive Directors serve the function of bringing independent judgement on the development, performance and risk management of the Group. Each of the independent non-executive Directors has been appointed for a term of three years and subject to retirement by rotation at least once every three years.

The Company has received from each of them the confirmations of independence having regard to the criteria under Rule 3.13 of the Listing Rules and considered each of them to be independent. In addition, any further re-appointment of an independent non-executive Director who has served the Board for more than nine years will be subject to separate resolution to be approved by Shareholders.

Board Nomination Policy

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election or re-election as directors of the Company at general meetings or appoint as directors to fill casual vacancies or as an addition to the Board.

The following factors would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (a) Reputation for integrity;
- (b) Accomplishment and experience in the industry which the Group operates;
- (c) Commitment in respect of available time and relevant interest; and
- (d) Diversity in all its aspects as set out in the board diversity policy adopted by the Company from time to time, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience and skills.

The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

For filling a casual vacancy and/or as an addition to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

The Nomination Committee will monitor and review the nomination policy, as appropriate, to ensure that the nomination policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

Corporate Governance Report

Board Diversity Policy

The Board adopted the board diversity policy in 2013 which sets out its approach to achieve diversity on the Board. The summary of the board diversity policy is set out as follows:

- (a) The Board recognises and embraces the benefits of having a diverse board with a view to enhancing its effectiveness and achieving a high standard of corporate governance. The Board also sees diversity as an essential element in maintaining a competitive advantage and contributing to the attainment of the strategic objectives and sustainable development of the Company;
- (b) The Board believes that a diversity of perspectives can be achieved through consideration of a number of factors, including without limitation, gender, age, cultural and educational background, professional experience, talents, skills, knowledge, length of service and other qualities of directors; and
- (c) These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately having regard to the Company's own business model and specific needs. The ultimate decision of all Board appointments should be based on meritocracy and the likely contributions that the selected candidates will bring to the Board.

Gender Diversity

The Company targets to avoid a single gender board and will timely review the gender diversity of the Board in accordance with the business development of the Group. Up to the date of this report, the Board comprises seven Directors, one of which is female. The Board will review the board composition from time to time and evaluate potential candidates for the Board in order to develop a pipeline of potential successors to the Board to ensure gender diversity could be maintained.

Our diversity philosophy including the gender diversity was generally followed in the workforce throughout the Group during the year under review. As at 31 December 2024, approximately 22.9% of the Group's workforce (including the Directors and senior management) was male and approximately 77.1% was female.

Inside Information Policy

The Board adopted the inside information policy in 2013 which contains the guidelines to the Directors, officers and certain relevant employees of the Group to ensure that inside information of the Group can be promptly identified, assessed and disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The Company must disclose inside information to the public as soon as reasonably practicable, unless the "safe harbor" provisions under the Securities and Futures Ordinance apply. The Board shall take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication.

Corporate Governance Report

Board Committees

Certain committees have been set up under the Board to supervise the management and administrative functions of the Group. They include:

Audit Committee

The Company established the Audit Committee on 18 April 2006 with written terms of reference which were in compliance with the Listing Rules. The primary duties of the Audit Committee include the following:

- (a) To recommend the Board on the appointment, re-appointment and removal of external auditor, and to approve their remuneration and terms of engagement;
- (b) To monitor the integrity of the Group's financial statements, annual reports and interim reports;
- (c) To review the Group's financial controls, risk management and internal control systems;
- (d) To discuss the risk management and internal control systems with the management and ensure that the management has performed its duty to have effective systems; and
- (e) To review the Group's financial and accounting policies and practices.

In addition, the Audit Committee has been delegated by the Board to be responsible for performing the corporate governance functions that are listed as follows:

- (a) To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) To review and monitor the training and continuous professional development of the Directors and senior management;
- (c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct applicable to our employees and Directors; and
- (e) To review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Corporate Governance Report

The following is a summary of work performed by the Audit Committee in 2024:

- (a) Review of and recommendation for the Board's approval of the consolidated financial statements for the year ended 31 December 2023 and unaudited interim consolidated financial information for the six months ended 30 June 2024 with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- (b) Discussion with the external auditor and the management on accounting policies and practices;
- (c) Review of the external auditor's significant audit matters;
- (d) Review of the effectiveness of the Company's internal control system covering financial, operational and compliance controls and risk management functions;
- (e) Considered the adequacy of resources, staff qualification and experience, training programmes and budget of our Company's accounting, internal audit and financial reporting function;
- (f) Approval of the audit fees and terms of engagement of the external auditor;
- (g) Review of independence of the external auditor and recommendation to the Board on the re-appointment of the external auditor; and
- (h) Determined the policy for the corporate governance of the Company and performed related duties delegated by the Board.

Members of the Audit Committee comprise Mr. KWAN Kai Cheong (*Chairman*), Mr. MA Ka Chun and Ms. CHAN Kit Fun Fanny, all being independent non-executive Directors.

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee on 18 April 2006 with written terms of reference which were in compliance with the Listing Rules. The primary duties of the Nomination Committee include the following:

- (a) To review the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, professional experience, talents, skills, knowledge, length of service and other qualities of Directors) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) Having regard to the board diversity policy and the nomination policy of the Company, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) To assess the independence of independent non-executive Directors;
- (d) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directors;
- (e) To monitor the implementation of the board diversity policy and to review as appropriate, such a policy to ensure its effectiveness; and
- (f) To review its own performance, constitution and terms of reference at least once a year to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The following is a summary of work performed by the Nomination Committee in 2024:

- (a) Review of the structure, size, composition and diversity of the Board;
- (b) Review of the independence of the independent non-executive Directors;
- (c) Review of the appointment and re-appointment of Directors;
- (d) Review of the board diversity policy and the nomination policy of the Company and their respective effectiveness; and
- (e) Review of its own performance, constitution and terms of reference.

Members of the Nomination Committee comprise Mr. MA Ka Chun (*Chairman*), Mr. LI Kwok Tung Roy and Ms. CHAN Kit Fun Fanny, two of whom are independent non-executive Directors.

Corporate Governance Report

Remuneration Committee

The Company established the Remuneration Committee on 18 April 2006 with written terms of reference which were in compliance with the Listing Rules. The primary duties of the Remuneration Committee include making recommendations to the Board on the policy and structure of all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management is based on skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions. The emolument policy for independent non-executive Directors, mainly comprising directors' fees, is subject to an annual assessment with reference to the market standard. Individual director and senior management would not be involved in deciding their own remuneration.

During the year under review, the Remuneration Committee has assessed performance of the executive Directors, reviewed their remuneration packages and recommended them to the Board. The remuneration of Directors comprises basic salary, pensions and discretionary bonus. Details of the amount of emoluments of Directors for the year ended 31 December 2024 are set out in Note 32 to the consolidated financial statements.

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

	Number of individuals	
	2024	2023
Remuneration band		
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	—	1
HK\$2,000,001 – HK\$2,500,000	1	—

Members of the Remuneration Committee comprise Ms. CHAN Kit Fun Fanny (*Chairman*), Mr. LI Kwok Tung Roy and Mr. KWAN Kai Cheong, two of whom are independent non-executive Directors.

Corporate Governance Report

Attendance of Meetings

The Board holds regular Board meetings, Remuneration Committee meeting, Nomination Committee meeting and Audit Committee meetings to discuss the Group's businesses, operations, development and conduct. All important issues are discussed in a timely manner and Directors are provided with complete, adequate and timely information to allow them to fulfil their duties properly. Directors may seek independent professional advice at the Company's expenses with the approval of the Board, if necessary.

The attendance record of each Director, who held office in 2024, at the aforesaid meetings held during the year ended 31 December 2024 is set out below:

Name of Director	Number of meetings attended/eligible to attend for the year ended 31 December 2024				
	Board Meeting	General Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Audit Committee Meeting
Executive Directors					
Mr. LI Kwok Tung Roy ^{1, 3}	4/4	1/1	1/1	1/1	N/A
Mr. LAI Ching Ping	4/4	1/1	N/A	N/A	N/A
Mr. LEE Kwok Leung	4/4	1/1	N/A	N/A	N/A
Mr. WONG Chi Keung	4/4	1/1	N/A	N/A	N/A
Independent Non-Executive Directors					
Mr. KWAN Kai Cheong ^{1, 6}	4/4	1/1	1/1	N/A	2/2
Mr. MA Ka Chun ^{4, 5}	4/4	1/1	N/A	1/1	2/2
Ms. CHAN Kit Fun Fanny ^{2, 3, 5}	4/4	1/1	1/1	1/1	2/2

Notes:

1. Members of Remuneration Committee
2. Chairman of Remuneration Committee
3. Members of Nomination Committee
4. Chairman of Nomination Committee
5. Members of Audit Committee
6. Chairman of Audit Committee

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for establishing and maintaining the Group's risk management and internal control procedures and systems and for reviewing the effectiveness of the Group's risk management and internal control systems which include financial, operational and compliance controls.

Risk Management

The Group is committed to the identification, monitoring and management of risks associated with its business activities, as well as those relating to the performance and reporting of environmental, social and governance of the Group. On an ongoing basis, risk management philosophy and practices are adopted in the Group's routine business operations and management process. Business operations from various aspects including associated risks are assessed by the senior management during regular management meetings. This ongoing process is designed to systematically identify, evaluate and prioritise various risks that the Group encounters and to ensure that the identified potential threats and opportunities are consistently monitored and addressed, allowing timely adjustments to strategic plans and mitigation strategies. By prioritising risks based on their likelihood and potential impact, the Group can allocate resources effectively to manage and mitigate risks, ultimately enhancing its resilience and ability to achieve its objectives.

In 2024, management has updated the internal audit plan based on the Group's ongoing assessment of risks. Based on the updated internal audit plan, an internal control assessment was performed with details described in the sub-section headed "Internal Audit" below.

The major processes used to identify, assess and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identify risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assess risks identified by using the assessment criteria developed by the management; and
- Consider impact on the business and the likelihood of their occurrence.

Risk Response

- Prioritise risks by comparing the results of risk assessment; and
- Determine risk management strategies and internal control processes to avoid, prevent, transfer and mitigate risks.

Corporate Governance Report

Risk Monitoring and Reporting

- Perform ongoing and periodic monitoring of risk and ensure that appropriate internal control processes are in place;
- Revise risk management strategies and internal control processes in case of any significant change of environment; and
- Report results of risk monitoring to the management and the Board on a regular basis.

Internal Control

The Group's internal control is designed to provide reasonable and not absolute assurance against material misstatement or loss and to mitigate rather than eliminate risks of failure in operational systems and fulfilment of business objectives. The Group has established internal control to help the business operations to achieve the Group's business objectives, to safeguard the Group's assets, to ensure business operations complying with applicable laws and regulations, and to ensure the maintenance of proper accounting records and the reliability of financial information reported by the business operations.

Internal Audit

In view of the requirements in the Listing Rules in relation to the code provision on internal audit function, the Board, through the Audit Committee, engaged an independent international professional firm as our internal audit advisor (the "**Internal Audit Advisor**") to assist the Board in evaluating the various components of the risk management and internal control systems of the Group under the framework of control environment, risk assessment, control activities, information and communication, and monitoring in consistence with the "Committee of Sponsoring Organisations of the Treadway Commission" framework ("**COSO framework**"). The Board considers that the appointment of Internal Audit Advisor sufficiently serves the purpose of the internal audit function and manages the risk of the Group. The Internal Audit Advisor communicates with the management and reports directly to the Audit Committee. Based on the internal audit plan, the Internal Audit Advisor conducted reviews of the effectiveness of the Group's risk management and internal control systems during the fiscal year 2024. All audit findings were reported and communicated to the Audit Committee, Directors and respective management. Appropriate recommendations for further enhancing the risk management and internal control systems were proposed to the management and had been adopted as the management thought fit.

The Audit Committee, which was delegated by the Board, reviews the effectiveness of the Group's risk management and internal control procedures and systems at least once a year, and has reviewed and evaluated the Group's internal control systems putting in place by the management covering all material controls, including financial, operational and compliance controls, risk management function and internal audit function of the Company and its subsidiaries for the year ended 31 December 2024. During the year under review, the Board has through the Audit Committee conducted a review of the effectiveness of the Group's risk management and internal control systems and is satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

Corporate Governance Report

FINANCIAL REPORTING

Responsibilities in respect of the Financial Statements

The Board acknowledges its responsibility for preparing the financial statements of the Group. In preparing the financial statements, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been adopted. The material accounting policies, which have been consistently applied to all the years, adopted for the preparation of financial statements of the Group are disclosed in the consolidated financial statements.

The reporting responsibility of the Company's external auditor on the financial statements of the Group is set out in the independent auditor's report on pages 39 to 43 of this annual report.

Auditor's Remuneration

During the year under review, the services provided by the Company's external auditor, PricewaterhouseCoopers, and the related fees are set out as follows:

Nature of services	HK\$'000
Audit related services	3,750
Non-audit related services (<i>Note</i>)	896
	4,646

Note: Non-audit related services include certain agreed-upon procedures and taxation related services.

COMPANY SECRETARY

Ms. LAM Choi Ha, the Company Secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Group's affairs. During the year under review, Ms. LAM confirmed that she has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. Her biographical detail is set out in the section headed "Biographical Details of Directors and Senior Management" on page 13.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

Communication with Shareholders

To ensure that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company had established a shareholders' communication policy in March 2012 and reviewed its implementation annually to ensure its effectiveness. According to the shareholders' communication policy, the Company communicates with the Shareholders mainly in the following ways:

- (a) The holding of annual general meetings and extraordinary general meetings, if any which may be convened for specific purposes, which provide opportunities for the Shareholders to communicate directly to the Board;
- (b) The publication of announcements, annual reports, interim reports and circulars on the websites of the Company and the Stock Exchange;
- (c) The availability of latest information of the Group on the Company's website;
- (d) Meeting with investors and analysts on a regular basis;
- (e) Publication of press releases of the Company providing updated information of the Group; and
- (f) The holding of investor/analyst briefings and media conference from time to time.

The Board is of the view that there are sufficient channels for the Shareholders to communicate their views on various matters affecting the Company. Thus, the policy is considered as effective.

Convening an Extraordinary General Meeting of the Company ("EGM")

Pursuant to article 58 of the articles of association of the Company, 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, on a one vote per share basis, shall at all times have the right to make a requisition to convene an EGM for the transaction of any business or resolution specified in such requisition and add resolutions to the agenda of such meeting, and such requisition should be made in writing to the Board or the Company Secretary of the Company; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene an EGM, the requisitionist(s) himself/themselves may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company.

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

Corporate Governance Report

Enquiries from Shareholders

Shareholders are welcomed to send their enquiries and concerns to the Board addressing to the Company Secretary of the Company through the following channels:

- (a) By mail to the Company's head office at 6th Floor, Phase 6, Hong Kong Spinners Industrial Building, 481-483 Castle Peak Road, Kowloon, Hong Kong;
- (b) By email at ir@win-hanverky.com.hk; or
- (c) By fax at (852) 3544-3316.

Proposing a Person for Election as a Director

As regards to the procedures for the Shareholders to propose a person for election as a Director, please refer to the "Investor Relations" section of the Company's website.

Voting by Poll

The articles of association of the Company set out the procedures, requirements and circumstances where voting by poll is required. Pursuant to Rule 13.39 of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

The poll results will be published on the websites of the Company and the Stock Exchange as soon as possible after conclusion of the general meeting, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the general meeting.

Corporate Governance Report

Dividend Policy

The Company strives for generating steady returns to the Shareholders. It is the policy of the Company, in considering the payment of dividends, to allow the Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The dividend payout ratio shall be determined by the Board at its absolute discretion after taking into account of, among others, the following factors:

- (a) The Group's financial performance;
- (b) Retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- (c) The Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) The Group's liquidity position; and
- (e) Other factors that the Board deems relevant.

The payment of the dividend by the Company is also subject to any restrictions under the applicable laws and regulations, including the Cayman Islands laws and the memorandum and articles of association of the Company.

The Board will continue to review the dividend policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the dividend policy at any time. There is no assurance that dividends will be paid in any particular amount for any given period.

Changes to Constitutional Documents

During the year ended 31 December 2024, there was no amendment to the Company's constitutional documents, and these documents are published on the websites of the Company and the Stock Exchange.

Report of the Directors

The Directors present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Group is principally engaged in the manufacturing, retailing and sales of internationally renowned sports, fashion and outdoor brands. Sales are primarily under OEM arrangements to customers mainly in Europe, the United States, Mainland China and other countries, and under retail modes in Mainland China, Hong Kong, Macau, Taiwan and other regions.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

BUSINESS REVIEW

General

A review of the business of the Group in 2024 and a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 10 of this annual report.

Principal Risks and Uncertainties

A number of factors affecting the results and business operations of the Group is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 10 of this annual report.

Post Year End Events

No important event has occurred since 31 December 2024, being the end of the financial year under review, which materially affects the Group.

Analysis of Key Financial Performance Indicators

A summary of the key financial performance indicators of the Group for the last five financial years is set out in the section headed "Financial Highlights" on page 3 of this annual report.

Environmental Policies

We are committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. We strive to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. We also require our factories under Manufacturing Business to operate in strict compliance with the relevant environmental regulations and rules.

Report of the Directors

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China, Vietnam, Cambodia and Hong Kong while the Company itself is listed on the Stock Exchange in Hong Kong. Our establishment and operations accordingly shall comply with relevant local laws and regulations. During the year ended 31 December 2024 and up to the date of this annual report, we have complied with relevant local laws and regulations applicable to it in all material respects.

Key Relationships

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationship with its suppliers.

The Group understands that employees are its valuable assets and the realisation and enhancement of employees' value will facilitate the achievement of the Group's overall goals. A comprehensive range of fringe benefits is offered to attract, retain and motivate employees.

The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group and to ensure that they can share its commitment to product quality. Suppliers are carefully selected and they are required to satisfy certain criteria including track record, experience, reputation, ability to produce high-quality products and quality control effectiveness. To maintain the competitiveness of its products and brands, the Group commits itself to consistently provide quality products to its customers.

During the year under review, the Group considered the relationship with employees was well and the turnover rate is acceptable whereas there was no significant and material dispute with its key suppliers and customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 to the Listing Rules has been published on the websites of the Company (<http://www.winhanverky.com>) and the Stock Exchange (<http://www.hkexnews.hk>) at the same time as the publication of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 17 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 29 and Note 18 to the consolidated financial statements and in the consolidated statement of changes in equity on page 48 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distributions to Shareholders amounted to HK\$793.5 million (2023: HK\$971.7 million). Details of movements in the reserves of the Company are set out in Note 29 to the consolidated financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company and there is no restriction against such rights under the laws of Cayman Islands where the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 46 of this annual report.

The Board does not recommend the payment of dividend for the year ended 31 December 2024.

CLOSURES OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 June 2025 to Tuesday, 24 June 2025 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

DONATION

During the year under review, the Group made charitable and other donations totaling HK\$316,000.

TAX RELIEF AND EXEMPTION

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules) during the year under review. As at 31 December 2024, the Company and its subsidiaries did not hold any treasury shares.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 13.

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. LI Kwok Tung Roy
Mr. LAI Ching Ping
Mr. LEE Kwok Leung
Mr. WONG Chi Keung

Independent Non-Executive Directors

Mr. KWAN Kai Cheong
Mr. MA Ka Chun
Ms. CHAN Kit Fun Fanny

According to Articles 87(1) and 87(2) of the articles of association of the Company, Mr. LAI Ching Ping, Mr. KWAN Kai Cheong and Ms. CHAN Kit Fun Fanny shall retire at the forthcoming annual general meeting by rotation and be eligible to offer themselves for re-election as a Director.

DIRECTORS' INTEREST IN CONTRACTS

Save for the related party transactions disclosed in Note 26 to the consolidated financial statements, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its holding company or any of their respective subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Share Option Scheme and the New Share Option Scheme as set out in the section headed "Share Option Scheme and New Share Option Scheme" below, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

According to Article 167 of the articles of association of the Company, the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses for any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that the indemnity shall not extend to any fraud or dishonesty which may attach to them.

The Company has taken out and maintained appropriate insurance cover for its Directors and officers in respect of potential legal actions that may be incurred in the course of performing their duties.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has a service contract with the Company for a term of three years and is subject to termination by either party giving not less than six months' written notice. Under the service contracts, each of the executive Directors is entitled to an annual discretionary management bonus in respect of each complete financial year of the Group as the Board may approve.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company with a fixed term of office for three years which is determinable by either party giving not less than three months' written notice.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' DISCLOSURE OF INTERESTS

As at 31 December 2024, the interests and short positions of the Directors and chief executive(s) of the Company (if any) in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the shares/underlying shares of the Company

Name of Directors	Capacity	Number of shares/ underlying shares	Percentage of interest in the Company*
Mr. LI Kwok Tung Roy	Interest in a controlled corporation	743,769,967 ¹	57.91%
Mr. LAI Ching Ping	Beneficial owner	4,186,000	0.33%
Mr. WONG Chi Keung	Beneficial owner	10,102,000 ²	0.79%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 31 December 2024.

Notes:

1. Mr. LI Kwok Tung Roy holds 70% of the issued share capital of Quinta Asia Limited ("Quinta"). Mr. LI Kwok Tung Roy has a controlling interest in Quinta and is therefore deemed to be interested in Quinta's interest in the Company for the purposes of the SFO.
2. Mr. WONG Chi Keung holds 102,000 Shares and is interested as a grantee of options to subscribe for up to 10,000,000 Shares under the Share Option Scheme.

Report of the Directors

(b) Long positions in the shares of the associated corporation of the Company (as defined in the SFO)

Name of directors	Associated corporation	Capacity	Number of shares	Percentage of interest in associated corporation
Mr. LI Kwok Tung Roy	Quinta	Beneficial owner	7	70%
Mr. LAI Ching Ping	Quinta	Beneficial owner	3	30%

Save as disclosed above, as at 31 December 2024, none of the Directors, chief executive(s) or any of their respective associates had any interest or short position, whether beneficial or non-beneficial, in the shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO).

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

As at 31 December 2024, as far as the Directors were aware, the following persons (other than the Directors or chief executive(s) of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO.

Name	Capacity	Number of shares			Percentage of interest in the Company*
		Long position	Short position	Lending pool	
Quinta	Beneficial owner	743,769,967	—	—	57.91%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any person (other than the Directors or chief executive(s) of the Company) who had interests or short position in the shares and underlying shares of the Company which were recorded in the register kept by the Company under section 336 of the SFO.

Report of the Directors

SHARE OPTION SCHEME AND NEW SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 8 August 2006, the Company has established a share option scheme ("**Share Option Scheme**") whereby the Board may, at their discretion, invite any directors, employees, consultants, professionals, customers, suppliers, agents, partners or advisers of or contractors to the Group (subject to the eligibility requirements as set out therein). The total number of Shares available for issue under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the listing date on 6 September 2006 unless further Shareholders' approval has been obtained. In addition, the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other schemes adopted by the Group shall not exceed 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme or any other schemes adopted by the Group if the grant of such option will result in the limit being exceeded. The total number of Shares issued and to be issued upon the exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months' period up to the date of grant to a substantial Shareholder or an independent non-executive director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK\$5,000,000 unless further Shareholders' approval has been obtained; and to each other eligible person would not exceed 1% of the Shares in issue.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group. It also provides the eligible participants with an opportunity to acquire proprietary interests in the Company with a view to (a) motivate the eligible participants to optimise the performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

The Share Option Scheme has expired on 5 September 2016. In order to continue to provide the eligible participants, where appropriate, with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long-term success of the business of the Group, the Board has sought and obtained approval of the Shareholders for the adoption of a new share option scheme ("**New Share Option Scheme**") at the annual general meeting of the Company on 16 June 2016. The New Share Option Scheme adopted became effective from 20 June 2016 and will remain in force for a period of 10 years.

Under the New Share Option Scheme, the Board may, at their discretion, grant share options to eligible participants including any directors, employees or partners of the Group. The offer shall remain open for acceptance by the eligible participants for a period of not less than three business days from the date of offer and the Board may, at its discretion, specify the minimum period for which an option must be held before it can be exercised at the time of grant. A non-refundable consideration of HK\$10 shall be paid by each grantee on acceptance of the options. The exercise price is to be determined by the Board, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The total number of Shares which may be issued under the New Share Option Scheme must not exceed 128,440,000 shares, representing 10% of the issued share capital of the Company as at the date of this annual report. Other major terms of the New Share Option Scheme are substantially similar to those under the Share Option Scheme.

Upon the expiry of the Share Option Scheme, no share options can be further granted thereunder, whereas outstanding share options under the Share Option Scheme remain valid.

The accounting policy adopted for the share options is described in Note 34.7(b) to the consolidated financial statements.

Report of the Directors

Movements of the options under the Share Option Scheme for the year ended 31 December 2024 are as follows:

				Number of options under the Share Option Scheme			
		Exercise price per Share		As at 1 January 2024	Exercised/ cancelled during the year	Lapsed during the year	As at 31 December 2024
Grantee	Date of grant	HK\$	Exercise period				
Mr. LEE Kwok Leung <i>Executive Director</i>	16/07/2014	0.946	16/07/2015–15/07/2024	2,400,000	—	(2,400,000)	—
			16/07/2016–15/07/2024	2,400,000	—	(2,400,000)	—
			16/07/2017–15/07/2024	2,400,000	—	(2,400,000)	—
			16/07/2018–15/07/2024	2,400,000	—	(2,400,000)	—
			16/07/2019–15/07/2024	2,400,000	—	(2,400,000)	—
				12,000,000	—	(12,000,000)	—
Mr. WONG Chi Keung <i>Executive Director</i>	22/12/2015	1.562	22/12/2016–21/12/2025	2,000,000	—	—	2,000,000
			22/12/2017–21/12/2025	2,000,000	—	—	2,000,000
			22/12/2018–21/12/2025	2,000,000	—	—	2,000,000
			22/12/2019–21/12/2025	2,000,000	—	—	2,000,000
			22/12/2020–21/12/2025	2,000,000	—	—	2,000,000
				10,000,000	—	—	10,000,000
An employee	16/07/2014	0.946	16/07/2016–15/07/2024	1,000,000	—	(1,000,000)	—
			16/07/2017–15/07/2024	1,000,000	—	(1,000,000)	—
			16/07/2018–15/07/2024	1,000,000	—	(1,000,000)	—
			16/07/2019–15/07/2024	1,000,000	—	(1,000,000)	—
				4,000,000	—	(4,000,000)	—
An employee	09/01/2014	1.010	09/01/2015–08/01/2024	1,000,000	—	(1,000,000)	—
			09/01/2016–08/01/2024	1,000,000	—	(1,000,000)	—
			09/01/2017–08/01/2024	1,000,000	—	(1,000,000)	—
			09/01/2018–08/01/2024	1,000,000	—	(1,000,000)	—
			09/01/2019–08/01/2024	1,000,000	—	(1,000,000)	—
				5,000,000	—	(5,000,000)	—
Total				31,000,000	—	(21,000,000)	10,000,000

No option has been granted under the New Share Option Scheme by 31 December 2024.

EQUITY-LINKED AGREEMENTS

During the year under review, other than the Share Option Scheme and the New Share Option Scheme as set out in the section headed “Share Option Scheme and New Share Option Scheme” above, the Company has not entered into any equity-linked agreement.

RETIREMENT SCHEMES

The Group participates in several defined contribution retirement schemes which cover the Group’s eligible employees in Mainland China, Vietnam and Cambodia and certain Mandatory Provident Fund Schemes for the employees in Hong Kong.

Report of the Directors

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company, which was not a contract of service with any Director or any person engaged in the full time employment of the Company, was entered into or existed during the year under review.

CONNECTED TRANSACTIONS

None of the related party transactions of the Group for the year ended 31 December 2024 as set out in Note 26 to the consolidated financial statements constituted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases of the Group from continuing operations attributable to its major customers and suppliers respectively for the year ended 31 December 2024 were as follows:

	% of Sales	% of Purchases
The largest customer/supplier	54.5	8.0
Five largest customers/suppliers	80.3	28.3

To the best knowledge and belief of the Directors, none of the Directors, their close associates or any Shareholder owning more than 5% of the issued share capital of the Company, has any interest in any of the Group's five largest customers or suppliers as disclosed above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as at the latest practicable date prior to the issue of this report.

AUDITOR

The financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers who will retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year ending 31 December 2025.

By order of the Board

Win Hanverky Holdings Limited

LI Kwok Tung Roy

Chairman

Hong Kong, 20 March 2025

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF WIN HANVERKY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Win Hanverky Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 44 to 107, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

Key Audit Matter

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

The key audit matter identified in our audit is related to impairment assessment of goodwill.

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment assessment of goodwill

Refer to notes 4(c), 7(a) and 34.3 to the consolidated financial statements

As at 31 December 2024, the Group carried a goodwill amounting to approximately HK\$186 million on the consolidated statement of financial position, of which approximately HK\$76 million and approximately HK\$110 million are attributable to the goodwill arisen from the acquisition of the high-end fashion retailing business and the high-end apparel manufacturing and trading business respectively.

The high-end fashion retailing business and the high-end apparel manufacturing and trading business are considered two separate groups of cash generating units ("CGUs").

Goodwill is required to be assessed for impairment at least annually.

Management performed an assessment on impairment of goodwill as at 31 December 2024 and determined the recoverable amount of the CGUs based on value-in-use calculation or fair value less costs of disposal calculation, where appropriate. These calculations used pre-tax cash flow projections covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated long-term growth rate. Based on the results of the assessment, management concluded that there was no impairment of goodwill as at 31 December 2024.

We focused on this area as the assessment made by management involved significant estimates and judgements, including the revenue growth, gross margins, and terminal growth rates used to estimate future cash flows and discount rates applied to these cash flow projections of the underlying CGUs.

In assessing the appropriateness of the goodwill impairment assessment performed by management, the following audit procedures have been performed by us:

- Understood and evaluated management's key controls over the impairment assessment process;
- Compared the current year actual cash flows with the prior period cash flow forecast to assess the reliability of management's forecast;
- Assessed the appropriateness of key assumptions used in the cash flow forecast, in particular the forecasted revenue growth and budgeted gross margins, by comparing them against the historical performance of the CGUs and industry data such as gross margins of other market players; the terminal growth rates, by comparing them against the long-term growth forecasts of the garment manufacturing and retail industries; and the discount for lack of marketability by comparing them against other industry data;
- Evaluated the discount rate by assessing the cost of capital of the Group and specific risk premiums of the Company; and referenced the cost of capital of other comparable companies in the industry; and
- Evaluated the sensitivity of the Group's discounted cash flow forecast by considering downside scenarios against reasonable possible changes to certain assumptions.

Based on the procedures performed, we consider that the judgements and estimates made by management in respect of the goodwill impairment assessment were supportable by available evidence.

Independent Auditor's Report

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

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

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

As part of an audit in accordance with 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 and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Kam Chiu, Raymond.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 March 2025

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	6	655,220	755,316
Intangible assets	7	198,328	201,156
Investments in associates	8	17,104	15,093
Other receivables and financial assets	11	52,005	46,445
Deferred tax assets	16	129,071	135,657
Pledged bank deposit	12	—	1,190
		1,051,728	1,154,857
Current assets			
Inventories	9	716,368	752,240
Trade and bills receivable	10	526,465	444,836
Other receivables and financial assets	11	150,788	266,167
Current tax recoverables		815	2,487
Pledged bank deposit	12	1,151	—
Cash and bank balances	12	250,321	209,456
		1,645,908	1,675,186
Current liabilities			
Trade payables	13	278,937	306,881
Accruals and other payables	14	321,279	275,734
Borrowings	15	464,985	472,760
Lease liabilities		94,891	94,610
Current tax liabilities		45,181	48,035
		1,205,273	1,198,020
Non-current liabilities			
Other payables	14	5,406	6,882
Lease liabilities		129,964	177,580
Deferred tax liabilities	16	11,834	6,780
		147,204	191,242
Net assets		1,345,159	1,440,781

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Equity attributable to equity holders of the Company			
Share capital	17	128,440	128,440
Reserves	18	1,226,055	1,333,246
		1,354,495	1,461,686
Non-controlling interests		(9,336)	(20,905)
Total equity		1,345,159	1,440,781

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 44 to 107 were approved by the Company's Board of Directors on 20 March 2025 and were signed on its behalf.

LI Kwok Tung Roy
Director

LAI Ching Ping
Director

Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	5	3,973,103	3,073,686
Cost of sales		(3,198,469)	(2,569,550)
Gross profit		774,634	504,136
Selling and distribution costs		(365,553)	(343,552)
General and administrative expenses		(425,601)	(440,850)
Other income — net	19	7,181	48,895
Operating loss		(9,339)	(231,371)
Finance costs — net	20	(44,054)	(44,948)
Share of profits of associates	8	2,679	1,319
Loss before income tax	21	(50,714)	(275,000)
Income tax	23	(11,229)	12,502
Loss from continuing operations		(61,943)	(262,498)
Discontinued operations			
Loss from discontinued operations	28	—	(120,110)
Loss for the year		(61,943)	(382,608)
Loss for the year attributable to:			
Equity holders of the Company			
— Continuing operations		(68,438)	(255,181)
— Discontinued operations	28	—	(120,110)
		(68,438)	(375,291)
Non-controlling interests		6,495	(7,317)
		(61,943)	(382,608)
Loss per share attributable to:			
(basic and diluted, expressed in HK cents)	24		
Equity holders of the Company from continuing operations		(5.3)	(19.9)
Equity holders of the Company		(5.3)	(29.2)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(61,943)	(382,608)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(35,047)	(27,727)
Share of other comprehensive income of associates	1,672	(2,254)
<i>Item that has been reclassified to profit or loss</i>		
Realisation of accumulated exchange differences and other reserves upon liquidation/disposal of subsidiaries	(304)	5
Total comprehensive income for the year	(95,622)	(412,584)
Total comprehensive income for the year attributable to:		
Equity holders of the Company		
— Continuing operations	(100,076)	(278,035)
— Discontinued operations	—	(126,416)
	(100,076)	(404,451)
Non-controlling interests	4,454	(8,133)
	(95,622)	(412,584)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity holders of the Company			Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital (Note 17) HK\$'000	Reserves (Note 18) HK\$'000	Total HK\$'000		
At 1 January 2023	128,440	1,737,697	1,866,137	(6,372)	1,859,765
Loss for the year	—	(375,291)	(375,291)	(7,317)	(382,608)
Other comprehensive income	—	(29,160)	(29,160)	(816)	(29,976)
Total comprehensive income for the year	—	(404,451)	(404,451)	(8,133)	(412,584)
Dividends paid to non-controlling interest of a subsidiary (Note 27(c))	—	—	—	(6,400)	(6,400)
At 31 December 2023 and 1 January 2024	128,440	1,333,246	1,461,686	(20,905)	1,440,781
(Loss)/profit for the year	—	(68,438)	(68,438)	6,495	(61,943)
Other comprehensive income	—	(31,638)	(31,638)	(2,041)	(33,679)
Total comprehensive income for the year	—	(100,076)	(100,076)	4,454	(95,622)
Change in ownership interests in subsidiaries without change of control	—	(7,115)	(7,115)	7,115	—
At 31 December 2024	128,440	1,226,055	1,354,495	(9,336)	1,345,159

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Cash flows generated from operating activities			
Cash generated from operations	27(a)	155,193	314,008
Interest paid		(29,503)	(35,676)
Income taxes paid		(2,758)	(12,930)
Net cash generated from operating activities		122,932	265,402
Investing activities			
Interest received		1,719	2,888
Payment for property, plant and equipment		(44,498)	(56,010)
Proceeds from disposal of other property, plant and equipment, and lease modifications		200	4,087
Proceeds/deposit received from disposal of discontinued operations		89,551	10,623
Proceeds from disposal of subsidiaries		7,253	28,882
Proceeds from capital reduction in associates		2,340	—
Proceeds from disposal of a land lease right		—	52,065
Net cash generated from investing activities		56,565	42,535
Financing activities			
Proceeds from bank borrowings	27(b)	1,004,116	772,935
Repayments of bank borrowings	27(b)	(1,012,529)	(1,089,012)
Principal elements of lease payments	27(b)	(111,499)	(133,741)
Interest elements of lease payments	27(b)	(15,885)	(14,310)
Dividends paid to non-controlling interest of a subsidiary	27(c)	—	(3,200)
Net cash used in financing activities		(135,797)	(467,328)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		209,456	370,489
Exchange differences on cash and cash equivalents		(2,835)	(1,642)
Cash and cash equivalents at end of the year	12	250,321	209,456

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Win Hanverky Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are engaged in the manufacturing and selling of garment products, including sportswear, high-end functional outerwear, high-end fashion apparel, and related accessories. Sales are primarily under original equipment manufacturing (“**OEM**”) arrangements to customers mainly in Europe, the United States, Mainland China and other countries, and under retail modes in Mainland China, Hong Kong, Macau, Taiwan and other regions. Its production bases are primarily located in Mainland China, Vietnam and Cambodia. Details of the principal subsidiaries of the Group are set out in Note 33 to these consolidated financial statements.

The Company is an exempted Company with limited liability under the Companies Law, Cap.22, (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements have been prepared under historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The HKICPA has issued a number of amendments to standards and interpretations that became applicable for the current reporting period. None of the amendments to standards and interpretations have had a material effect on the Group’s results and financial position for the current and prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current reporting period. The Group is in the process of making an assessment of what the impact of those developments is expected to be in the period of initial adoption. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest-rate risk.

The Group's risk management programme focuses on the unpredictability of financial markets and, where considered necessary, seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used derivative financial instruments to hedge its risk exposures to changes in foreign currency exchange rates and interest rates.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Chinese Renminbi ("**RMB**") and United States Dollar ("**USD**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

As at 31 December 2024, if RMB had strengthened/weakened by 10% (2023: 10%) against the HK\$ with all other variables held constant, loss for the year (2023: loss) would have been approximately HK\$7,037,000 lower/higher (2023: HK\$10,524,000 lower/higher) mainly as a result of foreign exchange gains/losses on translation of RMB denominated inter-company balances, trade and other payables, cash and bank balances, and trade and other receivables.

The foreign currency exchange exposure on assets and liabilities denominated in USD is considered to be minimal as HK\$ is currently pegged to USD.

(b) Credit risk

Credit risk arises from pledged bank deposits and cash and bank balances, deposits and other receivables, as well as credit exposures to customers, including trade and bills receivable.

Trade and bills receivable

Debtors of the Group may be affected by the unfavourable economic conditions and the lower liquidity situation which could in turn impact their ability to repay the amounts owed to the Group. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of receivables. To the extent that information is available, management has properly reflected updated estimates of expected future cash flows in their impairment assessments.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade and bills receivable (Continued)

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. It performs periodic credit evaluations/reviews of its customers.

Majority of trade receivables are with customers having good credit history. The Group usually grants its customers credit terms within 90 days. Most of the Group's sales are on open account, while sales made to a small number of customers are covered by letters of credit issued by banks or settled by documents against payment issued by banks.

As at 31 December 2024, the Group's trade and bills receivable due from one single group of customer (2023: one single group of customer) represented approximately 38% (2023: 48%) of its total trade and bills receivable from third parties.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivable. To measure the expected credit losses, trade and bills receivable have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables with higher risk of default were assessed individually for impairment allowance. As at 31 December 2024, there was no individually assessed trade receivables of Manufacturing Business (2023: HK\$1,409,000) and the balance of individually assessed trade receivables of High-end Fashion Retailing Business was HK\$6,395,000 (2023: HK\$7,383,000). Loss allowances were fully provided for the individually assessed trade receivables aforesaid as at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade and bills receivable (Continued)

Other than those trade receivables which were assessed by individual basis, trade receivables were grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2024 and 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In the course of evaluating relevant forward-looking information, the Group has identified the changes of the credit ratings of the key industry participants or gross domestic product of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. As at 31 December 2024 and 2023, the loss allowance was determined as follows:

Measurement of expected credit loss on collective basis — Manufacturing

	Listed customers HK\$'000	Private customers HK\$'000	Total HK\$'000
At 31 December 2024			
Gross carrying amount	374,405	93,529	467,934
Loss allowance	(250)	(1,556)	(1,806)
	374,155	91,973	466,128
Expected credit loss rate	0.1%	1.7%	0.4%
At 31 December 2023			
Gross carrying amount	307,524	79,382	386,906
Loss allowance	(183)	(2,595)	(2,778)
	307,341	76,787	384,128
Expected credit loss rate	0.1%	3.3%	0.7%

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Measurement of expected credit loss on collective basis — High-end Fashion Retailing

	Not yet due	1-30 days	31-60 days	Past due			Over 365 days	Total
	HK\$'000	HK\$'000	HK\$'000	61-90 days	91-180 days	181-365 days	HK\$'000	HK\$'000
At 31 December 2024								
Gross carrying amount	36,099	16,609	2,964	1,729	3,267	3,287	4,428	68,383
Loss allowance	(285)	(407)	(264)	(265)	(660)	(1,737)	(4,428)	(8,046)
	35,814	16,202	2,700	1,464	2,607	1,550	—	60,337
Expected credit loss rate	0.8%	2%	9%	15%	20%	53%	100%	12%
At 31 December 2023								
Gross carrying amount	38,247	10,136	8,147	1,955	1,955	1,740	1,784	63,964
Loss allowance	(129)	(107)	(245)	(113)	(266)	(624)	(1,772)	(3,256)
	38,118	10,029	7,902	1,842	1,689	1,116	12	60,708
Expected credit loss rate	0.3%	1%	3%	6%	14%	36%	99%	5%

Impairment losses on trade and bills receivable are presented as net impairment losses in general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. Trade and bills receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than a year past due.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits and other receivables. Management performs regular assessment on credit risk associated with these amounts based on the repayment history and financial position of the counterparties and other forward-looking factors. Management does not expect any losses from non-performance by the counterparties as they have no default history in the past and these counterparties had strong capacity to meet its contractual cash flow obligations in the near term. Management applies the HKFRS 9 general approach to measure expected credit losses which uses a twelve-month expected loss allowance for all deposits and other receivables. No impairment losses were provided for the years ended 31 December 2024 and 2023.

Cash and cash equivalents

The Group has policies to place deposits and cash and cash equivalents only with major financial institutions. Management does not expect any losses from non-performance by these financial institutions as they have no default history in the past.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of banking facilities. Certain of the Group's banking facilities are subject to fulfilment of financial covenants as required by the banks. The Group regularly monitors its compliance with these covenants and re-negotiates to relax the undertakings or apply waivers against these undertakings from respective banks when necessary. The Group expects that there will be steady cash inflow from operations, coupled with sufficient cash and bank balances and based on its financial records and long banking relationships to continue its available banking facilities. Management's assessment indicates that the Group has adequate liquidity and financial resources to cover its operating costs and meet its financial obligations as and when they fall due in the coming twelve months from the date of these consolidated financial statements. Surplus cash held by Group entities over and above balances required for working capital management is invested in interest-bearing bank accounts and bank deposits with appropriate maturities.

- (i) The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Floating rates	713,867	666,222

The banking facilities are subject to regular review at various dates in 2025.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

(ii) Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within 1 year or on demand HK\$'000	After 1 year but within 2 years HK\$'000	After 2 years but within 5 years HK\$'000	After 5 years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
At 31 December 2024						
Borrowings and interest	464,985	—	—	—	464,985	464,985
Trade payables	278,937	—	—	—	278,937	278,937
Accruals and other payables	263,654	—	—	—	263,654	263,654
Lease liabilities	107,099	78,717	60,368	5,409	251,593	224,855
	1,114,675	78,717	60,368	5,409	1,259,169	1,232,431
At 31 December 2023						
Borrowings and interest	472,760	—	—	—	472,760	472,760
Trade payables	306,881	—	—	—	306,881	306,881
Accruals and other payables	230,683	—	—	—	230,683	230,683
Lease liabilities	121,803	81,879	94,148	23,067	320,897	272,190
	1,132,127	81,879	94,148	23,067	1,331,221	1,282,514

(d) Cash flow and fair value interest-rate risk

As at 31 December 2024, the Group held interest-bearing assets including the pledged bank deposits, short-term bank deposits and amounts due from related parties. The interest-bearing assets are at floating rates. Except for the bank borrowings as at 31 December 2024, the Group has no other significant interest-bearing liabilities. At the respective end of the reporting periods, if interest rates had increased/decreased by one percentage point (2023: one percentage point) and all other variables were held constant, the Group's loss before tax (2023: loss) would increase/decrease by approximately HK\$3,515,000 for the year ended 31 December 2024 (2023: increase/decrease by HK\$3,766,000). The fluctuation is attributable to interest income from pledged bank deposits, short-term bank deposits, amounts due from related parties and interest expense on bank borrowings.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the Company's shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as total borrowings (including bank borrowings and loans from non-controlling interests of subsidiaries) less cash and bank balances, divided by total equity.

The net gearing ratios at 31 December 2024 and 2023 were as follows:

	Note	2024 HK\$'000	2023 HK\$'000
Bank borrowings	15	464,985	472,760
Loans from non-controlling interests of subsidiaries	26(b)	—	1,864
Less: cash and bank balances	12	(250,321)	(209,456)
		214,664	265,168
Total equity		1,345,159	1,440,781
Net gearing ratio		16.0%	18.4%

The decrease in net gearing ratio above resulted primarily from decrease in bank borrowings.

3.3 Fair value estimation

The carrying values of pledged bank deposits and cash and bank balances approximate their fair values.

The carrying values less impairment provision of trade and bills receivable, trade payables, and financial assets and liabilities measured at amortised cost are a reasonable approximation of their fair values.

The carrying values of borrowings approximate their fair values since the interest payable on these borrowings is either close to current market rates or the borrowings are of a short-term nature.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of property, plant and equipment and leased assets

Property, plant and equipment and leased assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use (“**VIU**”) calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal (“**FVLCD**”) or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates, could materially affect the net present value used in the impairment test and as a result affect the Group’s financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

During the year ended 31 December 2023, in light of the potential adverse impact arising from the low utilisation of production facilities which might adversely impact the recoverable amounts of the assets used within the manufacturing business, an asset impairment assessment was carried out against the under-utilised production facilities and an impairment of property, plant and equipment and leased assets of HK\$23,446,000 was recognised from continuing operations. No impairment was recognised during the year ended 31 December 2024.

Given the persistently competitive retail market which might adversely impact the recoverable amounts of the assets used within the retail stores, an asset impairment assessment was carried out against the underperforming retail stores and an impairment of property, plant and equipment and leased assets of HK\$34,768,000 was recognised for the year ended 31 December 2024 (2023: HK\$17,577,000) from continuing operations.

Each production plant or retail store was considered as a separate cash-generating unit (“**CGU**”) and the respective recoverable amounts were assessed based on VIU calculations. Key assumptions used in the calculations included the forecasted sales performance and operating costs of each production plant or retail store as well as the discount rate applied to the forecasted future cash flows of these production plants or retail stores.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Useful lives and residual values of property, plant and equipment, leased assets and intangible assets

The Group's management determines the estimated useful lives and residual values (if applicable) and consequently related depreciation/amortisation charges for its property, plant and equipment, leased assets and intangible assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment, leased assets and intangible assets of similar nature and functions, or based on the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated, and it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortisation expense in future periods.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 7(a) and Note 34.3. Goodwill is allocated to the high-end apparel manufacturing and trading business CGU resulted from the acquisition of Charmtech Industrial Limited and its subsidiary and Sport Field Limited and its subsidiaries (collectively "**High-end Apparel Manufacturing and Trading Group**") amounting to HK\$109,459,000, which was included in the Manufacturing segment; and the high-end fashion retailing business CGU resulted from the acquisition of Shine Gold Limited and its subsidiaries (collectively "**High-end Fashion Retailing Group**") amounting to HK\$76,133,000, which was included in the High-end Fashion Retailing segment.

The recoverable amounts of groups of CGUs have been determined based on VIU or FVLCD calculations, where appropriate. These calculations require significant judgements and estimates. No impairment was recognised against these goodwill during the year ended 31 December 2024.

For goodwill resulted from the acquisition of High-end Apparel Manufacturing and Trading Group, if the budgeted revenue in the forecast period has been 5% lower in average or the discount rate used in the VIU calculation has been 1% higher than management's estimates as at 31 December 2024, still no impairment against goodwill would be recognised by the Group. For goodwill resulted from the acquisition of High-end Fashion Retailing Group, if the budgeted revenue or gross profit under Hong Kong and Mainland China's retail businesses in the forecast period has been 1% lower respectively or the discount rate used in the FVLCD calculation has been 1% higher than management's estimates as at 31 December 2024, still no impairment against goodwill would be recognised by the Group. A decrease in the budgeted revenue by 3% in average in the forecast period or an increase in the budgeted discount rate by 2% would result in the recoverable amount of the high-end fashion retailing business CGU as at 31 December 2024 being equal to its carrying amount. These sensitivity analyses are for illustration purposes only. They are based on changing the relevant assumption while holding other assumptions unchanged. In practice, the VIU and FVLCD calculations do not necessarily change in isolation and the actual results in the future may differ from these analyses.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Impairment of trademarks and customer relationship

The Group tests whether trademarks and customer relationship have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy stated in Note 34.3. The Group's customer relationship arose from the acquisition of High-end Apparel Manufacturing and Trading Group. Its recoverable amount was assessed in the impairment assessment together with the goodwill of High-end Apparel Manufacturing and Trading Group (Note 4(c)).

(e) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Most extension options of the leases have not been included in the lease liabilities because the extension options are subject to negotiation and agreement of both the Group and the respective lessors.

(f) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at the end of each reporting period.

(g) Trade and bills receivable and other financial assets measured at amortised cost

The Group's management determines the provision for impairment of trade and bills receivable based on the expected credit loss of the receivables. This assessment is based on the historical repayment pattern of customers of similar nature and other forward-looking factors such as current market conditions where applicable, and requires the use of judgements and estimates. Management reassesses the impairment at the end of each reporting period.

(h) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets relating to temporary differences and tax losses are recognised when management expects it is probable that future taxable profits will be available to utilise the temporary differences or tax losses. Management reassesses its expectation at the end of each reporting period based on the latest business plan and forecasts.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of goods — wholesale

Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transported to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sale of goods — retail

Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in store.

(c) Service income

Revenue is recognised over time based on work performed by which performance obligation is satisfied through the transfer of service to customer.

(d) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(e) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customer by products or service lines is as follows:

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Sales of goods	3,954,883	3,046,124
Provision of services	18,220	27,562
	3,973,103	3,073,686

For the year ended 31 December 2024, revenue of approximately HK\$2,165,416,000 (2023: HK\$1,670,127,000), representing 54.5% (2023: 54.3%) of the Group's total revenue, was derived from a single group of external customers and was attributable to the Manufacturing segment.

The chief operating decision-maker has been identified collectively as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and report segment performance based on internal reporting.

The executive directors review the performance of the Group mainly from a business operation perspective. The major business segments of the Group for the year ended 31 December 2024 are Manufacturing and High-end Fashion Retailing.

- The Manufacturing segment represents manufacturing and sales of (i) sportswear and (ii) high-end functional outerwear primarily under OEM arrangements to customers mainly in Europe, the United States, Mainland China and other countries.
- The High-end Fashion Retailing segment represents retailing of high-end fashion products in Mainland China, Hong Kong, Macau, Taiwan and other regions.
- In October 2023, the Group entered into a disposal agreement with a third party to sell, assign and novate the inventories and the licensed stores assets for the fashion brand "Champion" to the third party. The Group ceased to operate licensed stores of "Champion" since January 2024. The related operations were reclassified from the High-end Fashion Retailing segment and regarded as discontinued operations (Noted 28).

The executive directors assess the performance of the business segments based on a measure of operating results of each segment, which excludes net finance costs in the result for each operating segment. Other information provided to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2024 are as follows:

	Manufacturing			
	Sportswear Manufacturing HK\$'000	High-end Functional Outerwear Manufacturing HK\$'000	High-end Fashion Retailing HK\$'000	Total HK\$'000
Total segment revenue	2,457,822	864,005	652,057	3,973,884
Inter-segment revenue	(743)	(38)	—	(781)
Revenue	2,457,079	863,967	652,057	3,973,103
Operating profit/(loss) and segment results	15,997	38,158	(63,494)	(9,339)
Finance costs — net				(44,054)
Share of profits of associates	2,679	—	—	2,679
Loss before income tax				(50,714)
Income tax				(11,229)
Loss for the year				(61,943)

Other segment items included in the consolidated income statement for the year ended 31 December 2024 are as follows:

Depreciation and amortisation of property, plant and equipment, and leased assets	74,532	10,997	73,538	159,067
Amortisation of intangible assets	—	2,130	698	2,828
Gain on liquidation of subsidiaries, net	(158)	—	—	(158)
Impairment loss of property, plant and equipment, and leased assets, net	—	—	34,768	34,768
(Write-back of provision)/provision for loss allowance of trade receivables, net	(2,216)	1,243	3,853	2,880
(Gain)/loss on disposal of property, plant and equipment, and lease modifications, net	(85)	8	676	599
Provision/(write-back of provision) for inventories, net	25,473	5,155	(11,012)	19,616

Inter-segment transactions are conducted at terms mutually agreed among group companies.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2023 are as follows:

	Manufacturing					
	Sportswear Manufacturing HK\$'000	High-end Functional Outerwear Manufacturing HK\$'000	High-end Fashion Retailing HK\$'000	Total continuing operations HK\$'000	Discontinued operations (Note 28) HK\$'000	Total HK\$'000
Total segment revenue	1,889,495	585,744	607,726	3,082,965	261,572	3,344,537
Inter-segment revenue	(9,279)	—	—	(9,279)	—	(9,279)
Revenue	1,880,216	585,744	607,726	3,073,686	261,572	3,335,258
Operating (loss)/profit and segment results	(187,726)	3,460	(47,105)	(231,371)	(97,010)	(328,381)
Finance costs — net				(44,948)	(2,102)	(47,050)
Share of profits of associates	1,319	—	—	1,319	—	1,319
Loss before income tax				(275,000)	(99,112)	(374,112)
Income tax				12,502	—	12,502
Loss on disposal of discontinued operations				—	(20,998)	(20,998)
Loss for the year				(262,498)	(120,110)	(382,608)

Other segment items included in the consolidated income statement for the year ended 31 December 2023 are as follows:

Depreciation and amortisation of property, plant and equipment, and leased assets	87,222	18,032	81,125	186,379	26,169	212,548
Amortisation of intangible assets	—	2,130	698	2,828	—	2,828
Gain on disposal of a subsidiary, net	(21,388)	—	—	(21,388)	—	(21,388)
Impairment loss of property, plant and equipment, and leased assets, net	23,446	—	17,577	41,023	12,747	53,770
Provision for loss allowance of trade receivables, net	2,778	—	7,534	10,312	1,567	11,879
Loss on disposal of property, plant and equipment, and lease modifications, net	434	117	891	1,442	—	1,442
Provision/(write-back of provision) for inventories, net	39,078	12,767	(11,463)	40,382	9,872	50,254

Inter-segment transactions are conducted at terms mutually agreed among group companies.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets/liabilities exclude current tax recoverables/liabilities and deferred tax assets/liabilities which are unallocated and managed on a group basis. The segment assets and liabilities are as follows:

	Manufacturing			Unallocated	Total
	Sportswear Manufacturing	High-end Functional Outerwear Manufacturing	High-end Fashion Retailing		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2024					
Assets	1,436,770	546,362	584,618	129,886	2,697,636
Liabilities	(722,854)	(275,259)	(297,349)	(57,015)	(1,352,477)
At 31 December 2023					
Assets	1,500,079	463,545	728,275	138,144	2,830,043
Liabilities	(805,658)	(228,204)	(300,585)	(54,815)	(1,389,262)

The Group's revenue by geographical location is determined by the final destination of delivery of the products. The Group's revenue from external customers by geographical location is as follows:

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Mainland China	1,465,998	980,475
Europe	1,244,551	911,552
Other Asian countries	513,581	533,736
United States	438,663	425,725
Hong Kong	119,780	58,463
Canada	28,859	38,390
Others	161,671	125,345
	3,973,103	3,073,686

The total of non-current assets other than deferred tax assets by geographical location is as follows:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	339,596	358,549
Mainland China	241,876	273,781
Vietnam	191,042	218,426
Cambodia	130,295	135,948
Others	19,848	32,496
	922,657	1,019,200

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of net book amount

	Freehold land HK\$'000	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Motor vehicles and yacht HK\$'000	Total HK\$'000
Year ended 31 December 2023								
Opening net book amount	44,906	456,963	154,533	6,575	87,165	105,533	7,211	862,886
Additions	—	109,113	22,460	1,814	10,190	10,414	509	154,500
Transfers	—	—	3,688	(3,688)	—	—	—	—
Disposals	—	(93)	(2,514)	—	(1,924)	(90)	(828)	(5,449)
Impairment	—	(23,514)	(30,234)	—	—	(22)	—	(53,770)
Lease modifications	—	47,195	—	—	—	111	—	47,306
Disposal of a subsidiary	—	(12,221)	(2,044)	—	—	—	—	(14,265)
Discontinued operations	—	(8,480)	(4,064)	—	—	—	—	(12,544)
Depreciation and amortisation	—	(134,372)	(40,646)	—	(22,596)	(12,573)	(2,361)	(212,548)
Currency translation differences	—	(4,523)	(4,221)	(166)	(1,247)	(563)	(80)	(10,800)
Closing net book amount	44,906	430,068	96,958	4,535	71,588	102,810	4,451	755,316
At 31 December 2023								
Cost	44,906	890,874	440,117	4,535	568,207	311,429	50,768	2,310,836
Accumulated depreciation, amortisation and impairment	—	(460,806)	(343,159)	—	(496,619)	(208,619)	(46,317)	(1,555,520)
Net book amount	44,906	430,068	96,958	4,535	71,588	102,810	4,451	755,316
Year ended 31 December 2024								
Opening net book amount	44,906	430,068	96,958	4,535	71,588	102,810	4,451	755,316
Additions	—	79,802	11,632	4,807	14,415	6,683	1,225	118,564
Transfers	—	—	4,130	(4,130)	—	—	—	—
Disposals	—	—	(862)	—	(57)	(27)	(56)	(1,002)
Impairment	—	(26,622)	(8,146)	—	—	—	—	(34,768)
Lease modifications	—	(9,479)	—	—	—	—	—	(9,479)
Depreciation and amortisation	—	(106,693)	(23,009)	—	(17,907)	(9,652)	(1,806)	(159,067)
Currency translation differences	—	(7,146)	(4,096)	(200)	(1,977)	(817)	(108)	(14,344)
Closing net book amount	44,906	359,930	76,607	5,012	66,062	98,997	3,706	655,220
At 31 December 2024								
Cost	44,906	777,513	401,286	5,012	567,823	309,378	51,368	2,157,286
Accumulated depreciation, amortisation and impairment	—	(417,583)	(324,679)	—	(501,761)	(210,381)	(47,662)	(1,502,066)
Net book amount	44,906	359,930	76,607	5,012	66,062	98,997	3,706	655,220

Freehold land is located in the Hashemite Kingdom of Jordan and Cambodia.

As at 31 December 2024 and 2023, the Group leased various land, retail stores, offices, warehouses, plant and equipment, and recognised as right-of-use assets (Note (d)).

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Property, plant and equipment

Land and buildings comprise mainly manufacturing factories and offices. Property, plant and equipment other than construction in progress are stated at historical cost less accumulated depreciation and accumulated impairment losses (Note 6(c) and Note 34.3). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction in progress represents buildings and leasehold improvements in which construction work has not been completed and plant, machinery and equipment pending for installation. It is carried at cost which includes construction expenditures and other direct costs less any impairment losses. On completion, construction in progress is transferred to the appropriate categories of property, plant and equipment at cost less accumulated impairment losses (Note 34.3). No depreciation is provided for construction in progress until it is completed and available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other income — net' in the income statement.

(b) Leased assets and lease liabilities

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is recognised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease liabilities include the present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivables. After initial recognition, each lease payment was allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balances of the liability for each period. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to income statement in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is recognised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (Note 6(c) and Note 34.3).

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

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment and right-of-use assets, less their estimated residual value, if any, using the straight-line method as follows:

— Freehold land and construction in progress	Not depreciated
— Buildings	10 to 50 years
— Leasehold improvements	Shorter of the unexpired lease term and the estimated useful lives
— Plant and machinery	4 to 10 years
— Furniture and equipment	3 to 10 years
— Motor vehicles and yacht	5 to 10 years
— Right-of-use assets	Shorter of the unexpired lease term and the estimated useful lives

- (d) The Group leases various land, retail stores, offices, warehouses, plant and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. As at 31 December 2024 and 2023, the net book amounts of right-of-use assets by class are as follows:

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets		
Land and buildings	258,856	324,819
Furniture and equipment	415	48
	259,271	324,867

Expense and other items in relation to leases:

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Depreciation and amortisation		
— Land and buildings	103,078	113,269
— Furniture and equipment	191	226
Variable lease payments not included in lease liabilities	42,370	42,925
Interest on lease liabilities (Note 20)	15,885	13,511
Short-term leases and leases of low value assets	14,182	11,571
Additions of right-of-use assets	80,361	105,175
Total cash outflow for leases	183,936	180,325

The Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentage ranging from 8% to 23% (2023: 3% to 23%) of sales. Variable lease payments that depend on sales are recognised in income statement in the period in which the condition that triggers those payments occurs. As at 31 December 2024, it is estimated that an increase in sales generated from continuing operations of these retail stores by 5% would have increased the lease payments by HK\$2,119,000 (2023: HK\$2,146,000).

- (e) As at 31 December 2024, land and properties with carrying value of HK\$82,024,000 (2023: HK\$71,336,000) were pledged to banks for certain banking facilities of the Group (Note 15).
- (f) During the year ended 31 December 2024, impairment loss of HK\$34,768,000 (2023: HK\$17,577,000) had been included in "selling and distribution costs" of continuing operations in the consolidated income statement for the retail store assets of High-end Fashion Retailing Business. During the year ended 31 December 2023, impairment loss of HK\$16,412,000 and HK\$7,034,000 had been included in "cost of sales" and "general and administrative expenses" of continuing operations in the consolidated income statement respectively for certain production facilities of Sportswear Manufacturing Business, and impairment loss of HK\$12,747,000 had been included in "selling and distribution costs" of discontinued operations in the consolidated income statement for the retail stores asset of High-end Fashion Retailing Business.

Notes to the Consolidated Financial Statements

7 INTANGIBLE ASSETS

	Goodwill (Note (a)) HK\$'000	Customer relationship (Note (b)) HK\$'000	Trademarks (Note (b)) HK\$'000	Total HK\$'000
Year ended 31 December 2023				
Opening net book amount	200,094	10,826	7,566	218,486
Amortisation	—	(2,130)	(698)	(2,828)
Allocated to discontinued operations (Note 28(b))	(14,502)	—	—	(14,502)
Closing net book amount	185,592	8,696	6,868	201,156
At 31 December 2023				
Cost	185,592	21,298	13,966	220,856
Accumulated amortisation and impairment	—	(12,602)	(7,098)	(19,700)
Net book amount	185,592	8,696	6,868	201,156
Year ended 31 December 2024				
Opening net book amount	185,592	8,696	6,868	201,156
Amortisation	—	(2,130)	(698)	(2,828)
Closing net book amount	185,592	6,566	6,170	198,328
At 31 December 2024				
Cost	185,592	21,298	13,966	220,856
Accumulated amortisation and impairment	—	(14,732)	(7,796)	(22,528)
Net book amount	185,592	6,566	6,170	198,328

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is not amortised but it is tested annually or more frequently if events or changes in circumstances indicate a potential impairment.

During the year ended 31 December 2023, goodwill of HK\$14,502,000 was allocated in association with the disposal of discontinued operations (Note 28(b)).

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the cash-generating unit level.

Notes to the Consolidated Financial Statements

7 INTANGIBLE ASSETS (Continued)

(a) Goodwill (Continued)

Impairment tests for goodwill

Goodwill is allocated to two separate groups of CGUs of the Group as follows:

	2024 HK\$'000	2023 HK\$'000
High-end apparel manufacturing and trading	109,459	109,459
High-end fashion retailing	76,133	76,133
	185,592	185,592

The recoverable amounts of the groups of CGUs are determined based on VIU or FVL COD calculations, where appropriate. These calculations use pre-tax cash flow projections covering a five-year period of the related business based on the latest financial budgets and future business plans approved by management. The key assumptions used in estimating the recoverable amounts are as follows:

	2024	2023
High-end apparel manufacturing and trading		
Weighted average annual revenue growth rate during the forecast period (<i>Note (i)</i>)	3%	13%
Growth rate beyond the forecast period (<i>Note (ii)</i>)	3%	3%
Pre-tax discount rate (<i>Note (iii)</i>)	14%	14%
High-end fashion retailing		
Weighted average annual revenue growth rate during the forecast period (<i>Note (i)</i>)	5%	7%
Growth rate beyond the forecast period (<i>Note (ii)</i>)	3%	3%
Pre-tax discount rate (<i>Note (iii)</i>)	15%	15%
Discount for lack of marketability	7%	7%

Notes:

- (i) Management determined revenue growth rate and budgeted gross profit margin based on past performance and its expectations of market development.
- (ii) Cash flows beyond five-year period are extrapolated using an estimated growth rate of 3% (2023: 3%) which do not exceed the long-term average growth rates for the businesses in which the CGUs operate.
- (iii) The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.
- (iv) The FVL COD calculation is a level 3 fair value measurement.

No impairment was recognised in respect of the above CGUs during the year ended 31 December 2024 (2023: Nil).

Notes to the Consolidated Financial Statements

7 INTANGIBLE ASSETS (Continued)

(b) Trademarks and customer relationship

Separately acquired trademarks and customer relationship are shown at historical cost. Trademarks and customer relationship acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and customer relationship have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and customer relationship over their estimated useful lives of 10 to 20 years. The amortisation charges for trademarks and customer relationship are included in “selling and distribution costs” of the consolidated income statement.

8 INVESTMENTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Carrying amount in the consolidated financial statements	17,104	15,093
Share of effective interest for the year:		
— profits	2,679	1,319
— reserve movements	1,672	(2,254)
— capital reduction	(2,340)	—

Set out below are the major associates of the Group as at 31 December 2024. The associates as listed below have share capital consisting solely of ordinary shares, which are held indirectly by the Company.

Name	Place of incorporation and type of legal entity	Percentage of ownership interest		Nature	Measurement method
		2024	2023		
Fu Hsun Bowker Dyeing Factory (Heyuan) Company Limited	Mainland China, wholly foreign owned enterprise	30%	30%	Property holding	Equity
Fu Hsun Investment Company Limited	BVI, limited liability company	30%	30%	Investment holding	Equity
Fu Jin Bowker Company Limited	BVI, limited liability company	30%	30%	Inactive	Equity

The associates above are private companies and there is no quoted market price for their shares.

There are no contingent liabilities relating to the Group's interests in the associates.

The directors are of the opinion that the associates are not material to the Group. Accordingly, summarised financial information is not presented.

Notes to the Consolidated Financial Statements

9 INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Finished goods	316,970	333,384
Work in progress	167,931	180,324
Raw materials	231,467	238,532
	716,368	752,240

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Costs of purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

10 TRADE AND BILLS RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
Trade receivables	538,755	455,640
Bills receivable	3,957	4,022
	542,712	459,662
Less: loss allowance of trade receivables	(16,247)	(14,826)
	526,465	444,836

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Majority of trade receivables are with customers having good credit history. The Group usually grants its customers credit terms within 90 days. Most of the Group's sales are on open account, while sales made to a small number of customers are covered by letters of credit issued by banks or settled by documents against payment issued by banks.

Notes to the Consolidated Financial Statements

10 TRADE AND BILLS RECEIVABLE (Continued)

The ageing of trade and bills receivable based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 90 days	516,824	438,923
91 – 180 days	11,172	10,771
181 – 365 days	3,870	4,557
Over 365 days	10,846	5,411
	542,712	459,662

The carrying values of trade and bills receivable approximate their fair values due to their short term maturities. The maximum exposure to credit risk at the reporting date is the fair value of trade and bills receivable mentioned above. The Group does not hold any collateral.

Movements of provision for impairment of trade and bills receivable are as follows:

	2024 HK\$'000	2023 HK\$'000
Beginning of the year	14,826	3,177
Loss allowances, net		
— Continuing operations	2,880	10,312
— Discontinued operations (Note 28)	—	1,567
Written off as uncollectible	(1,440)	(202)
Currency translation differences	(19)	(28)
End of the year	16,247	14,826

The creation and release of loss allowances have been included in general and administrative expenses. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The Group's trade and bills receivable were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
Chinese Renminbi	340,665	227,849
United States Dollar	190,297	217,459
Hong Kong Dollar	7,343	7,721
Others	4,407	6,633
	542,712	459,662

Notes to the Consolidated Financial Statements

11 OTHER RECEIVABLES AND FINANCIAL ASSETS

	2024 HK\$'000	2023 HK\$'000
Non-current		
Rental, utility and other deposits	39,010	36,619
Financial assets measured at amortised cost	39,010	36,619
Deposits for plant and equipment	12,995	9,826
	52,005	46,445
Current		
Rental, utility and other deposits	25,258	41,046
Receivables from a related party (Note 26(b))	11,758	11,179
Other receivables from customers and suppliers	8,976	3,970
Other tax receivables	2,713	3,328
Rental deposit to a related party (Note 26(b))	421	435
Receivable from disposal of discontinued operations	—	89,551
Receivable from disposal of a subsidiary	—	7,253
Sundry receivables	5,164	8,409
Financial assets measured at amortised cost	54,290	165,171
Value-added tax recoverable	66,902	54,575
Prepayments for inventories	17,598	33,946
Prepayments for operating expenses	11,998	12,475
	150,788	266,167
	202,793	312,612

The carrying amounts of financial assets disclosed above approximate their fair values. The maximum exposure to credit risk at the reporting date is the fair value of the items mentioned above. Save as disclosed in Note 26(b), the Group does not hold any collateral.

The financial assets disclosed above were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
Hong Kong Dollar	35,874	38,496
Chinese Renminbi	30,024	140,004
United States Dollar	22,931	17,731
Vietnamese Dong	3,802	4,563
Others	669	996
	93,300	201,790

Notes to the Consolidated Financial Statements

12 PLEDGED BANK DEPOSIT AND CASH AND BANK BALANCES

Pledged bank deposit

As at 31 December 2024, bank deposit of RMB1,083,000 equivalent to HK\$1,151,000 (2023: RMB1,083,000 equivalent to HK\$1,190,000) was pledged as security deposit at Customs Department for customs declaration for a subsidiary of the Group. The effective interest rate on pledged bank deposit was 2.75% (2023: 2.75%) per annum and the pledged bank deposit will mature in 2025 (2023: mature in 2025).

Cash and bank balances

	2024 HK\$'000	2023 HK\$'000
Short-term bank deposits	100,539	83,820
Cash at bank and on hand	149,782	125,636
Cash and cash equivalents	250,321	209,456

The effective interest rate on short-term bank deposits was 0.56% (2023: 0.95%) per annum, which have maturities of 3 months or less at inception.

Cash and bank balances were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
United States Dollar	130,057	83,622
Chinese Renminbi	93,210	86,554
Hong Kong Dollar	19,571	24,432
Others	7,483	14,848
	250,321	209,456

The maximum exposure to credit risk at the reporting date approximates the carrying values of pledged bank deposit and cash and bank balances.

Cash and bank deposits of HK\$124,791,000 (2023: HK\$105,629,000) held in Mainland China and Vietnam are subject to local exchange control regulations. These local exchange control regulations provide restrictions on remitting funds out of these countries, other than through normal dividends.

Notes to the Consolidated Financial Statements

13 TRADE PAYABLES

Trade payables are obligations for goods or services that have been acquired. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The ageing of trade payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 90 days	255,461	295,602
91 – 180 days	19,729	8,497
181 – 365 days	998	1,389
Over 365 days	2,749	1,393
	278,937	306,881

The Group's trade payables were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
United States Dollar	212,741	215,067
Chinese Renminbi	49,737	80,390
Hong Kong Dollar	16,403	11,423
Others	56	1
	278,937	306,881

Notes to the Consolidated Financial Statements

14 ACCRUALS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Current		
Accruals for employee benefit costs	124,003	119,374
Accruals for other operating expenses	75,996	54,556
Other taxes payable	28,461	19,454
Payables for purchases of property, plant and equipment	27,038	27,550
Payables to related parties (<i>Note 26(b)</i>)	3,308	5,004
Deposits received	—	330
Others	4,848	4,415
Financial liabilities measured at amortised cost	263,654	230,683
Contract liabilities	50,683	35,673
Provision for re-instatement of leased assets	4,765	6,328
Others	2,177	3,050
	321,279	275,734
Non-current		
Provision for re-instatement of leased assets	3,160	3,708
Others	2,246	3,174
	5,406	6,882
	326,685	282,616

Notes to the Consolidated Financial Statements

15 BORROWINGS

The analysis of the carrying amount of interest-bearing bank borrowings were as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year or on demand	464,985	472,760
Effective interest rate — floating	5.5% p.a.	6.2% p.a.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, and the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as finance costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

The Group's borrowings were carried at amortised cost. As at 31 December 2024 and 2023, the Group's borrowings were secured by certain land and properties (Note 6(e)) of the Group and/or corporate guarantees given by the Company and/or guarantees given by certain related parties.

Details of the Group's management of liquidity risk are set out in Note 3.1(c).

Notes to the Consolidated Financial Statements

15 BORROWINGS (Continued)

As at 31 December 2024, based on the agreed payment schedules set out in the loan agreements ignoring the effect of any repayment on demand clause, the interest-bearing bank borrowings were due for repayment as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	394,485	472,760
After 1 year but within 2 years	5,000	—
After 2 years but within 5 years	15,000	—
After 5 years	50,500	—
	464,985	472,760

The carrying amounts of the Group's borrowings were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
Hong Kong Dollar	270,802	216,071
United States Dollar	144,222	234,709
Chinese Renminbi	49,961	21,980
	464,985	472,760

Notes to the Consolidated Financial Statements

16 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax jurisdiction. The net movement on the deferred tax assets/(liabilities) are as follows:

	2024 HK\$'000	2023 HK\$'000
Beginning of the year	128,877	128,633
Recognised in the income statement from continuing operations (<i>Note 23</i>)	(11,046)	963
Currency translation differences	(594)	(719)
End of the year	117,237	128,877

The movements in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets:

	Tax depreciation HK\$'000	Tax losses HK\$'000	Unrealised profit HK\$'000	Inventory provisions HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	11,797	113,535	9,018	17,519	3,730	155,599
Recognised in the income statement	(1,043)	1,922	(7,133)	2,127	5,563	1,436
Currency translation differences	(42)	(850)	—	—	125	(767)
At 31 December 2023	10,712	114,607	1,885	19,646	9,418	156,268
Set-off pursuant to set-off provisions						(20,611)
Net deferred tax assets						135,657
At 1 January 2024	10,712	114,607	1,885	19,646	9,418	156,268
Recognised in the income statement	117	(12,352)	1,036	3,909	(4,056)	(11,346)
Currency translation differences	68	(1,141)	—	—	403	(670)
At 31 December 2024	10,897	101,114	2,921	23,555	5,765	144,252
Set-off pursuant to set-off provisions						(15,181)
Net deferred tax assets						129,071

Notes to the Consolidated Financial Statements

16 DEFERRED TAX (Continued)

Deferred tax liabilities:

	Tax depreciation HK\$'000	Fair value gains HK\$'000	Withholding tax on undistributed earnings HK\$'000	Total HK\$'000
At 1 January 2023	(13,782)	(5,177)	(8,007)	(26,966)
Recognised in the income statement	(345)	408	(536)	(473)
Currency translation differences	—	48	—	48
At 31 December 2023	(14,127)	(4,721)	(8,543)	(27,391)
Set-off pursuant to set-off provisions				20,611
Net deferred tax liabilities				(6,780)
At 1 January 2024	(14,127)	(4,721)	(8,543)	(27,391)
Recognised in the income statement	554	404	(658)	300
Currency translation differences	—	76	—	76
At 31 December 2024	(13,573)	(4,241)	(9,201)	(27,015)
Set-off pursuant to set-off provisions				15,181
Net deferred tax liabilities				(11,834)

Deferred tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2024, the Group did not recognise deferred tax assets of HK\$203,788,000 (2023: HK\$178,829,000) in respect of tax losses amounting to HK\$1,079,939,000 (2023: HK\$949,611,000) that can be carried forward against future taxable income. Total unrecognised tax losses of HK\$887,032,000 (2023: HK\$584,672,000) can be carried forward indefinitely; while cumulative tax losses of HK\$192,907,000 (2023: HK\$364,939,000) will expire from 2025 to 2034 (2023: 2024 to 2033).

Deferred tax liabilities of HK\$40,660,000 (2023: HK\$43,668,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries, as it is management's intention to reinvest such amounts in the foreseeable future. The said unremitted earnings totalled HK\$393,237,000 as at 31 December 2024 (2023: HK\$411,946,000).

Notes to the Consolidated Financial Statements

17 SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Authorised		
3,000,000,000 ordinary shares of HK\$0.1 each	300,000	300,000
Issued and fully paid up		
1,284,400,000 ordinary shares at beginning and end of the year	128,440	128,440

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Share options

In August 2006, the Company established a share option scheme ("**Share Option Scheme**") which remained in force for 10 years and expired on 5 September 2016, no share option can be further granted thereunder, whereas outstanding share options under the Share Option Scheme remain valid.

Pursuant to the resolution of Shareholders at the annual general meeting of the Company on 16 June 2016, a new share option scheme ("**New Share Option Scheme**") has been adopted. Under the New Share Option Scheme, share options may be granted to any directors, employees, or partners of the Group. The exercise price is to be determined by the Board, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The Group has no legal or constructive obligation to repurchase or settle these options in cash. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

During the year ended 31 December 2024, there were 10,000,000 (2023: 31,000,000) share options exercisable with weighted average exercise price HK\$1.562 per share (2023: HK\$1.155 per share). The outstanding share options have the following expiry dates and exercise prices:

Expiry date	Exercise price per share HK\$	Number of options	
		2024 '000	2023 '000
21 December 2025	1.562	10,000	10,000
15 July 2024	0.946	—	16,000
8 January 2024	1.010	—	5,000
		10,000	31,000

During the year ended 31 December 2024, no share option expenses was charged to the consolidated income statement (2023: Nil).

Notes to the Consolidated Financial Statements

18 RESERVES

	Share premium HK\$'000	Share- based payment reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023	692,227	10,472	29,442	(51,148)	213,013	843,691	1,737,697
Loss attributable to equity holders of the Company	—	—	—	—	—	(375,291)	(375,291)
Currency translation differences							
— Subsidiaries	—	—	—	(26,911)	—	—	(26,911)
— Associates	—	—	—	(2,254)	—	—	(2,254)
Disposal of a subsidiary	—	—	—	5	—	—	5
Transfer to statutory reserve (Note)	—	—	3,154	—	—	(3,154)	—
At 31 December 2023 and 1 January 2024	692,227	10,472	32,596	(80,308)	213,013	465,246	1,333,246
Loss attributable to equity holders of the Company	—	—	—	—	—	(68,438)	(68,438)
Currency translation differences							
— Subsidiaries	—	—	—	(33,006)	—	—	(33,006)
— Associates	—	—	—	1,672	—	—	1,672
Liquidation of subsidiaries	—	—	—	(321)	17	—	(304)
Change in ownership interests in subsidiaries without change of control	—	—	—	—	(7,115)	—	(7,115)
Written off of financial assets	—	—	—	—	3,919	(3,919)	—
Lapse of share options	—	(5,785)	—	—	—	5,785	—
Transfer to statutory reserve (Note)	—	—	2,563	—	—	(2,563)	—
At 31 December 2024	692,227	4,687	35,159	(111,963)	209,834	396,111	1,226,055

Note: As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior years' losses) to the general reserve and the enterprise expansion fund, at rates determined by their respective boards of directors. The general reserve can be utilised to offset prior year losses or be utilised for the issuance of bonus shares, whilst the enterprise expansion fund can be utilised for the development of business operations.

Notes to the Consolidated Financial Statements

19 OTHER INCOME — NET

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Government subsidies	3,084	17,283
Rental income	2,492	1,431
Gain on liquidation/disposal of subsidiaries, net (<i>Note</i>)	158	21,388
Net exchange gain	127	1,400
Loss on disposal of property, plant and equipment, and lease modifications, net	(599)	(1,442)
Others	1,919	8,835
	7,181	48,895

Note:

In 2024, the Group completed the liquidation of certain subsidiaries, resulting in a gain amounting to HK\$158,000.

In 2023, the Group completed the disposal of a subsidiary, resulting in a gain on disposal (before taxation) amounting to HK\$21,388,000. The subsidiary was principally engaged in the manufacturing of fabrics in Mainland China.

20 FINANCE COSTS — NET

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Finance income		
— Interest income from bank deposits	1,204	2,317
— Interest income from non-controlling interest of a subsidiary (<i>Note 26(a)</i>)	579	619
	1,783	2,936
Finance costs		
— Interest on bank borrowings	(29,952)	(34,373)
— Interest on lease liabilities (<i>Note 6(d)</i>)	(15,885)	(13,511)
	(45,837)	(47,884)
	(44,054)	(44,948)

Notes to the Consolidated Financial Statements

21 LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Cost of inventories	1,998,731	1,543,668
Processing and subcontracting charges	170,110	59,716
Depreciation and amortisation		
— property, plant and equipment, and leased assets	159,067	186,944
— capitalised to construction in progress	—	(565)
Amortisation of intangible assets	2,828	2,828
Impairment loss of property, plant and equipment, and leased assets, net	34,768	41,023
Provision for loss allowance of trade receivables, net	2,880	10,312
Rental in respect of retail stores, office equipment and land and buildings		
— contingent rent	42,370	42,925
— short-term leases and low value assets	28,227	11,571
Auditor's remuneration		
— audit related services	3,750	4,285
— non-audit related services	896	1,031
Provision for inventories, net	19,616	40,382

Notes to the Consolidated Financial Statements

22 EMPLOYMENT BENEFIT EXPENSES

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Wages, salaries, commission, allowances, bonus and other termination payments	996,391	920,060
Defined contribution retirement schemes	77,881	74,825
Welfare and other benefits	55,278	51,238
Social insurance and other post-employment benefits	37,945	38,383
	1,167,495	1,084,506

As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the defined contribution retirement schemes in future years (2023: Nil).

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 include three (2023: three) directors whose emoluments are reflected in Note 32. The emoluments paid/payable to the remaining two individuals (2023: two individuals) during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, commission, share options and other allowances	6,800	6,649

The emoluments fell within the following bands:

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

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

Notes to the Consolidated Financial Statements

23 INCOME TAX

The amounts of income tax expense/(credit) charged/(credited) to the consolidated income statement represent:

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Current tax		
— Mainland China	1,765	397
— Hong Kong	293	406
— Overseas	533	2,128
— Over-provision in prior years	(2,408)	(14,470)
	183	(11,539)
Deferred tax (Note 16)	11,046	(963)
	11,229	(12,502)

Mainland China corporate income tax and Hong Kong profits tax have been provided at the rates of 25% (2023: 25%) and 16.5% (2023: 16.5%) on the estimated assessable profits respectively. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

Reconciliation between accounting loss and tax expense/(credit):

	2024 HK\$'000	2023 HK\$'000
Loss before income tax excluding share of profits of associates		
— Continuing operations	(53,393)	(276,319)
— Discontinued operations	—	(99,112)
	(53,393)	(375,431)
Tax calculated at the rates applicable in the respective jurisdictions	(12,700)	(81,384)
Tax effects of:		
— Non-taxable income and tax concession	(8,354)	(6,047)
— Non-deductible expenses	3,120	9,197
— Tax losses not recognised	37,611	76,061
— Utilisation of previously unrecognised tax losses	(5,850)	(3,994)
— Withholding tax on undistributed earnings	658	536
— Over-provision in prior years	(2,408)	(14,470)
— Changes in tax rate	—	8,889
— Others	(848)	(1,290)
Tax expense/(credit)	11,229	(12,502)

Notes to the Consolidated Financial Statements

24 LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to equity holders of the Company and on the weighted average number of ordinary shares of 1,284,400,000 shares (2023: 1,284,400,000 shares) in issue during the year.

	2024	2023
Basic and diluted loss per share (HK cents)		
— Continuing operations	(5.3)	(19.9)
— Discontinued operations	—	(9.3)
	(5.3)	(29.2)

The diluted loss per share for the years ended 31 December 2024 and 2023 are the same as the basic loss per share as the potential dilutive ordinary shares arising from the outstanding share options granted by the Company do not have dilutive effect.

25 DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil).

26 RELATED PARTY TRANSACTIONS

The Group is controlled by Quinta Asia Limited (the immediate holding company), a company incorporated in the British Virgins Islands, which owns approximately 57.91% of the Company's shares as at 31 December 2024. The Company's directors regard Quinta Asia Limited as being the ultimate controlling party.

Apart from those disclosed elsewhere in these consolidated financial statements, the following significant transactions were carried out with related parties:

(a) Transactions with related parties

	2024 HK\$'000	2023 HK\$'000
Interest income (Note 20)		
Non-controlling interest of a subsidiary	579	619
Lease expenses		
An associate of the Group	2,630	2,499

Interest income from related parties are charged at prevailing market rates.

Lease expenses are recognised based on monthly rental charge mutually agreed by both parties.

Notes to the Consolidated Financial Statements

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2024 HK\$'000	2023 HK\$'000
Included in other receivables (Note 11)		
Receivables from non-controlling interest of a subsidiary (Note (i))	11,758	11,179
Rental deposit to an associate of the Group (Note (ii))	421	435
	12,179	11,614
Included in accruals and other payables (Note 14)		
Payables to non-controlling interest of a subsidiary (Note (iii))	3,308	3,140
Loans from non-controlling interests of subsidiaries (Note (iii))	—	1,864
	3,308	5,004

Notes:

- (i) The receivables from non-controlling interest of a subsidiary are secured by a property held by non-controlling interest of a subsidiary, interest-bearing at floating rates that are market dependent and repayable on demand.
- (ii) Rental deposit will be refunded at the end of the lease term.
- (iii) Amounts are unsecured, interest-free and repayable on demand. During the year ended 31 December 2024, loan amount of HK\$1,864,000 (2023: HK\$3,040,000) was waived by non-controlling interests of subsidiaries.

(c) Key management compensation

	2024 HK\$'000	2023 HK\$'000
Salaries, bonus and allowances	18,917	18,282
Defined contribution retirement schemes	72	72
	18,989	18,354

- (d) As at 31 December 2024, the Company granted corporate guarantees of HK\$1,089,500,000 (2023: HK\$1,184,833,000) to certain banks in respect of the banking facilities granted of HK\$1,079,600,000 (2023: HK\$1,174,933,000) to its subsidiaries. As at 31 December 2024, the banking facilities utilised by the subsidiaries amounted to HK\$433,154,000 (2023: HK\$509,300,000).

Notes to the Consolidated Financial Statements

27 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of cash generated from operations

	2024 HK\$'000	2023 HK\$'000
Loss before income tax		
— Continuing operations	(50,714)	(275,000)
— Discontinued operations	—	(99,112)
Loss before income tax including discontinued operations	(50,714)	(374,112)
Adjustments for:		
— Depreciation and amortisation of property, plant and equipment, and leased assets	159,067	212,548
— Amortisation of intangible assets	2,828	2,828
— Impairment loss of property, plant and equipment, and leased assets, net	34,768	53,770
— Provision for loss allowance of trade receivables, net	2,880	11,879
— Loss on disposal of other property, plant and equipment, and lease modifications, net	599	1,442
— Provision for inventories, net	19,616	50,254
— Finance costs, net	44,054	47,050
— Share of profits of associates	(2,679)	(1,319)
— Gain on liquidation/disposal of subsidiaries	(158)	(21,388)
— Waiver of loans from non-controlling interests of subsidiaries	(1,864)	(3,040)
Changes in working capital:		
— Inventories	202	219,076
— Trade and bills receivable	(91,973)	(11,169)
— Other receivables and financial assets	10,330	(12,878)
— Trade payables	(25,311)	148,965
— Accruals and other payables	53,548	(9,898)
Cash generated from operations	155,193	314,008

Notes to the Consolidated Financial Statements

27 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Cash flow information — financing activities

This section sets out the reconciliation of liabilities arising from financing activities.

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Amounts due to non-controlling interests of subsidiaries HK\$'000	Total HK\$'000
At 1 January 2023	789,236	267,179	8,044	1,064,459
Cash flows, net	(316,077)	(148,051)	—	(464,128)
Additions of property, plant and equipment, and leased assets	—	108,025	—	108,025
Interest expense on lease	—	14,310	—	14,310
Discontinued operations	—	(12,837)	—	(12,837)
Waiver of loans from non-controlling interests of subsidiaries	—	—	(3,040)	(3,040)
Lease modifications	—	47,387	—	47,387
Currency translation differences	(399)	(3,823)	—	(4,222)
At 31 December 2023 and 1 January 2024	472,760	272,190	5,004	749,954
Cash flows, net	(8,413)	(127,384)	168	(135,629)
Additions of property, plant and equipment, and leased assets	—	79,858	—	79,858
Interest expense on lease	—	15,885	—	15,885
Interest accruals on bank borrowings	1,358	—	—	1,358
Waiver of loans from non-controlling interests of subsidiaries	—	—	(1,864)	(1,864)
Lease modifications	—	(9,682)	—	(9,682)
Currency translation differences	(720)	(6,012)	—	(6,732)
At 31 December 2024	464,985	224,855	3,308	693,148

(c) Dividends paid to non-controlling interest of a subsidiary

During the year ended 31 December 2023, dividends of HK\$6,400,000 were declared to non-controlling interest of a subsidiary. The dividends were paid in cash of HK\$3,200,000 and satisfied by offsetting receivables from the non-controlling interest of a subsidiary of HK\$3,200,000.

Notes to the Consolidated Financial Statements

28 DISCONTINUED OPERATIONS

A discontinued operation is a component of the entity that has been ceased, disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view of resale. The results of discontinued operations are presented separately in the income statement.

In October 2023, the Group entered into a disposal agreement with a third party to sell, assign and novate the inventories and the licensed stores assets for the fashion brand “*Champion*” to the third party. The Group ceased to operate licensed stores of “*Champion*” since January 2024. The related operations were reclassified from the High-end Fashion Retailing segment and regarded as discontinued operations. Financial information relating to discontinued operations for the year ended 31 December 2023 is set out below:

	2023 HK\$'000
Revenue	261,572
Cost of sales	(197,312)
Gross profit	64,260
Selling and distribution costs	(145,447)
General and administrative expenses	(15,823)
Other income — net	—
Operating loss	(97,010)
Finance costs — net (<i>Note (a)</i>)	(2,102)
Loss before income tax	(99,112)
Income tax	—
Loss on disposal of discontinued operations (<i>Note (b)</i>)	(20,998)
Loss for the year and attributable to equity holders of the Company	(120,110)

Notes to the Consolidated Financial Statements

28 DISCONTINUED OPERATIONS (Continued)

	2023 HK\$'000
Other comprehensive income	
Currency translation differences	(6,306)
Cash flows	
Operating cash flows	174,164
Investing cash flows	10,381
Financing cash flows	(116,256)
	68,289
Loss before income tax is arrived at after charging:	
Cost of inventories	187,440
Depreciation and amortisation of property, plant and equipment, and leased assets	26,169
Impairment loss of property, plant equipment, and lease assets, net	12,747
Provision for loss allowance of trade receivables, net (<i>Note 10</i>)	1,567
Rental in respect of retail stores	
— contingent rent	15,812
— short-term leases and low value assets	962
Provision for inventories, net	9,872

Notes:

(a) Finance costs — net

	2023 HK\$'000
Interest on bank borrowings	1,303
Interest on lease liabilities	799
	2,102

(b) Loss on disposal of discontinued operations

The disposal was completed on 29 December 2023 and loss on disposal, net of tax, amounting to HK\$20,998,000 was recognised during the year ended 31 December 2023.

	2023 HK\$'000
Cash consideration	89,840
Carrying amount of net assets disposal of	(96,336)
Goodwill allocated in association with the operations disposal of (<i>Note 7</i>)	(14,502)
Loss on disposal, net of tax	(20,998)

Notes to the Consolidated Financial Statements

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Statement of financial position of the Company

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investments in subsidiaries	1,463,371	1,647,472
Right-of-use assets	299	—
Deferred tax assets	967	873
	1,464,637	1,648,345
Current assets		
Other receivables	120	245
Current tax recoverables	57	—
Cash and bank balances	914	1,190
	1,091	1,435
Current liabilities		
Accruals and other payables	10,490	10,532
Lease liabilities	72	—
Current tax liabilities	—	449
	10,562	10,981
Non-current liabilities		
Lease liabilities	232	—
Net assets	1,454,934	1,638,799
Equity attributable to equity holders of the Company		
Share capital	128,440	128,440
Reserves	1,326,494	1,510,359
Total equity	1,454,934	1,638,799

The statement of financial position of the Company was approved by the Company's Board of Directors on 20 March 2025 and were signed on its behalf.

LI Kwok Tung Roy
Director

LAI Ching Ping
Director

Notes to the Consolidated Financial Statements

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

Statement of financial position of the Company (Continued)

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Reserve movements of the Company

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023	692,227	10,472	528,331	268,904	1,499,934
Profit for the year	—	—	—	10,425	10,425
At 31 December 2023 and 1 January 2024	692,227	10,472	528,331	279,329	1,510,359
Loss for the year	—	—	—	(183,865)	(183,865)
Lapse of share options	—	(5,785)	—	5,785	—
At 31 December 2024	692,227	4,687	528,331	101,249	1,326,494

30 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet provided for is as follows:

	2024 HK\$'000	2023 HK\$'000
Capital injection in subsidiaries	115,975	117,127
Property, plant and equipment	2,709	1,919

(b) Lease commitments

At 31 December 2024, the total future lease payments for leases committed but not yet commenced in relation to leased properties were HK\$4,812,000 (2023: HK\$15,783,000).

Notes to the Consolidated Financial Statements

31 CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

32 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

The remuneration of every director and the chief executive is set out below:

Name	2024				2023			
	Fees HK\$'000	Salaries and other allowances HK\$'000	Employer's contribution to retirement schemes HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries and other allowances HK\$'000	Employer's contribution to retirement schemes HK\$'000	Total HK\$'000
Executive directors								
Li Kwok Tung Roy	—	4,883	—	4,883	—	4,747	—	4,747
Lai Ching Ping	—	4,132	—	4,132	—	4,017	—	4,017
Lee Kwok Leung (<i>chief executive</i>)	—	3,360	18	3,378	—	3,266	18	3,284
Wong Chi Keung	—	2,660	18	2,678	—	2,586	18	2,604
Independent non-executive directors								
Kwan Kai Cheong	240	—	—	240	240	—	—	240
Ma Ka Chun	160	—	—	160	160	—	—	160
Chan Kit Fun Fanny	160	—	—	160	160	—	—	160
	560	15,035	36	15,631	560	14,616	36	15,212

No remunerations were paid or receivable in respect of accepting office as directors during the year ended 31 December 2024 (2023: Nil).

No directors waived any emoluments during the year ended 31 December 2024 (2023: Nil).

No emoluments were paid or receivable in respect of directors' other services in connection with the management of affairs of the Company or its subsidiary undertakings during the year ended 31 December 2024 (2023: Nil).

There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: Nil).

Except disclosed above, no directors of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2023: Nil).

Notes to the Consolidated Financial Statements

33 SUBSIDIARIES

(a) The following are details of principal subsidiaries, all of which are unlisted, as at 31 December 2024:

Name	Place of incorporation and type of legal entity	Particulars of issued share capital	Percentage of equity interest attributable to the Group		Principal activities and place of operation
			2024	2023	
Bowker Asia Limited	British Virgin Islands, limited liability company	US\$100	100%	100%	Trading of garment products/ Hong Kong
Bowker Garment Factory (Cambodia) Company Limited	Cambodia, limited liability company	US\$10,000,000	100%	100%	Manufacturing of garment products/Cambodia
Bowker Garment Investment (Cambodia) Company Limited	Cambodia, limited liability company	US\$5,500,000	100%	100%	Property holding/Cambodia
Bowker Venture Garment (Yunfu) Company Limited	Mainland China, wholly foreign owned enterprise	HK\$94,279,000	100%	100%	Manufacturing of garment products/ Mainland China
Bowker (Vietnam) Garment Factory Company Limited	Vietnam, limited liability company	US\$13,000,000	100%	100%	Manufacturing of garment products/Vietnam
Bowker Yee Sing Garment Factory (Heyuan) Company Limited	Mainland China, wholly foreign owned enterprise	HK\$148,557,000	85%	85%	Manufacturing of garment products/ Mainland China
Bowker (Vinh Long) Garment Factory Company Limited	Vietnam, limited liability company	US\$4,000,000	100%	100%	Property holding/Vietnam
Corus Investments Limited	Hong Kong, limited liability company	HK\$10,000 (Note (i))	100%	100%	Property holding/ Hong Kong
D-mop Limited	Hong Kong, limited liability company	HK\$1,000,000	100%	100%	Retailing of fashion products/ Hong Kong
Kepac Trading (Hangzhou) Limited	Mainland China, wholly foreign owned enterprise	HK\$5,000,000	100%	100%	Retailing of fashion products/ Mainland China
Kunshan Sport Field Company Limited	Mainland China, wholly foreign owned enterprise	HK\$48,300,000	60%	60%	Manufacturing of garment products/ Mainland China
Premier Global (Vietnam) Garment Company Limited	Vietnam, limited liability company	US\$3,500,000	100%	100%	Manufacturing of garment products/Vietnam
Sport Field Limited	Hong Kong, limited liability company	HK\$2,475,000	60%	60%	Trading of garment products/ Hong Kong
Team & Sports Limited	Hong Kong, limited liability company	HK\$900,000	100%	100%	Trading of garment products/ Hong Kong
Winning Best Limited	Hong Kong, limited liability company	HK\$1 (Note (i))	100%	100%	Property holding/ Hong Kong

Notes:

(i) The shares of these companies are directly held by the Company.

(ii) None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2024 (2023: None).

The English names of certain subsidiaries represent the best effort by management of the Group to translate their Chinese names as they do not have official English names.

Notes to the Consolidated Financial Statements

33 SUBSIDIARIES (Continued)

(b) Material non-controlling interests

Set out below is summarised financial information of Sport Field Limited and its subsidiaries that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	2024 HK\$'000	2023 HK\$'000
Non-current assets	68,139	66,781
Current assets	249,627	209,421
Non-current liabilities	(14,808)	(9,881)
Current liabilities	(298,209)	(276,576)
Net assets/(liabilities)	4,749	(10,255)
Accumulated non-controlling interests	1,900	(4,104)
Revenue	764,293	438,591
Profit/(loss) for the year	17,536	(11,174)
Total comprehensive income	15,144	(12,159)
Profit/(loss) allocated to non-controlling interests	7,014	(4,469)
Dividends paid to non-controlling interest (Note 27(c))	—	(6,400)
Cash flows (used in)/generated from operating activities	(30,330)	26,448
Cash flows used in investing activities	(3,894)	(4,228)
Cash flows generated from/(used in) financing activities	64,052	(48,689)

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

The other material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

34.1 Consolidation and equity accounting

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gain on transactions between group companies are eliminated. Unrealised gains/losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.1 Consolidation and equity accounting (Continued)

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with the policy described in Note 34.3.

(c) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises: the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the income statement.

Any consideration to be transferred by the Group classified as financial liabilities is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the consideration that is classified as financial liabilities are recognised in the income statement. Consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.1 Consolidation and equity accounting (Continued)

(d) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

34.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong Dollar (“HK\$”), which is the Company's functional and the Group's presentation currency, unless otherwise stated.

(b) *Transactions and balances*

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

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.2 Foreign currency translation (Continued)

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

34.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, and are tested at least annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's FVLCD and VIU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.4 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments only when its business model for managing these assets changes.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other income — net, together with foreign exchange gains and losses.

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.4 Financial assets (Continued)

(c) **Measurement (Continued)**

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised as other income — net in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) **Impairment**

The Group assesses at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “**loss event**”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

For loans and receivables which are financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(e) **Offsetting**

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

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.5 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash at bank and on hand and short-term bank deposits.

34.6 Current and deferred tax

Tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current tax*

Current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable profit will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.7 Employee benefits

(a) *Post-employment obligation*

Group companies participate in several defined contribution retirement schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Share-based compensation*

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified time period).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(c) *Bonus plans*

The Group recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.7 Employee benefits (Continued)

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earliest of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Hong Kong Accounting Standard 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

34.8 Provisions, contingent liabilities and financial guarantee

(a) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

34 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

34.8 Provisions, contingent liabilities and financial guarantee (Continued)

(b) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(c) Financial guarantee

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. The Company has given certain financial guarantees to banks, financial institutions and other bodies on behalf of its subsidiaries to secure loans, overdrafts and other banking facilities. The Company does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee were to result in a present legal or constructive obligation.

34.9 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

34.10 Dividend distributions

Dividend distributions to the Company's equity holders are recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

Glossary

In this annual report, unless the context states otherwise, the following expression have the following meanings:

“Board”	the board of Directors
“Company”	Win Hanverky Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2005
“Director(s)”	the director(s) of the Company
“Group” or “we” or “our” or “us”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of Mainland China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange (for avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange)
“Mainland China”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“OEM”	acronym for original equipment manufacturing, a business that manufactures or purchases from other manufacturers and possibly modifies goods or equipment for branding and resale by others
“RMB”	Renminbi, the lawful currency of Mainland China
“Share(s)”	the share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Shine Gold”	Shine Gold Limited, a wholly owned subsidiary of the Company
“Shine Gold Group”	Shine Gold and its subsidiaries
“Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“US”	the United States of America



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