MS Group
Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1451

Annual Report
2024

MS Group

Manufacturing Partner
to World Class Brands

PRINCIPAL BUSINESSES

The Group is principally engaged in the production and sales of plastic and stainless steel sports bottles and baby feeding accessories. The two business segments of the Group are:

(i) the OEM Business, which primarily comprises the production and sales of plastic and stainless steel sports bottles and cups for infants and toddlers and plastic sports bottles on an OEM basis predominately for the overseas markets; and

(ii) the Yo Yo Monkey Business, which primarily comprises the production and sales of infant and toddler products, particularly plastic bottles and cups, under the brand developed by the Group and known as "Yo Yo Monkey (優優馬騮)", principally for the PRC market.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chau Ching *(Chairman)*
Mr. Chung Kwok Keung Peter *(Chief Executive Officer)*
Mr. Chau Wai
Mr. Chung Leonard Shing Chun
Ms. Lo Siu Fun Helena (Appointed on 1 December 2024)

Independent Non-executive Directors

Mr. Asvaintra Bhanusak
Mr. Seto John Gin Chung
Mr. Yu Hon To David

BOARD COMMITTEES

Audit Committee

Mr. Yu Hon To David *(Chairman)*
Mr. Asvaintra Bhanusak
Mr. Seto John Gin Chung

Remuneration Committee

Mr. Seto John Gin Chung *(Chairman)*
Mr. Asvaintra Bhanusak
Mr. Yu Hon To David

Nomination Committee

Mr. Chau Ching *(Chairman)*
Mr. Seto John Gin Chung
Mr. Yu Hon To David

COMPANY SECRETARY

Mr. Ko Kam On

AUTHORISED REPRESENTATIVES

Mr. Chung Kwok Keung Peter
Mr. Chung Leonard Shing Chun

AUDITORS

PricewaterhouseCoopers
(Certified Public Accountants and
Registered Public Interest Entity Auditor)

LEGAL ADVISOR

David Fong & Co.

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 907, 9/F., Enterprise Square Tower 1
9 Sheung Yuet Road, Kowloon Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

CONSULTANT

First Shanghai Capital Limited

INVESTOR RELATIONS CONTACT

ir@sharpsuccess.cn

SHARE INFORMATION

Listing:	Main Board of the Stock Exchange
Board Lot:	2,000 Shares
Stock Code:	1451

COMPANY WEBSITE

www.mainsuccess.cn

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION FOR THE LAST FIVE FINANCIAL YEARS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**421,091**	233,990	260,142	293,746	248,510
Cost of sales	**(303,191)**	(158,865)	(180,345)	(207,405)	(166,646)
Gross profit	**117,900**	75,125	79,797	86,341	81,864
Selling expenses	**(8,443)**	(9,170)	(13,301)	(19,137)	(17,405)
Administrative expenses	**(47,233)**	(38,298)	(41,154)	(37,403)	(43,121)
Other income	**828**	768	2,666	333	2,473
Other (losses)/gain, net	**(916)**	164	(341)	(893)	(1,766)
Finance income/(expenses), net	**3,036**	4,051	827	(185)	(68)
Share of result of associates	**(1,243)**	(8,640)	(8,278)	(5,089)	—
Profit before taxation	**63,929**	24,000	20,216	23,967	21,977
Taxation	**(14,543)**	(7,718)	(6,411)	(8,555)	(7,976)
Profit for the year	**49,386**	16,282	13,805	15,412	14,001

	As at 31 December				
	2024	2023	2022	2021	2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**288,571**	255,142	249,286	255,771	238,856
Total liabilities	**64,068**	45,575	41,472	52,691	55,776
Net assets	**224,503**	209,567	207,814	203,080	183,080

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2024.

The Group is principally engaged in the manufacture and sales of plastic bottles and cups for infants and toddlers and plastic and stainless steel sports bottles. The headquarters of the Group is located in Hong Kong while the production facilities of the Group are primarily situated in the PRC. The two business segments of the Group are:

(i) the "OEM Business" which primarily comprises the production and sales of plastic bottles and cups for infants and toddlers and plastic and stainless steel sports bottles on an original equipment manufacturer (OEM) basis predominately for the overseas markets; and

(ii) the "Yo Yo Monkey Business" which primarily comprises the production and sales of infant and toddler products, particularly plastic bottles and cups, under the brand developed by the Group known as "Yo Yo Monkey (優優馬騮)", principally for the PRC market.

The macro-economy was still complicated, with different types of challenges in the post-pandemic era. During the year ended 31 December 2024, major factors affecting the global market included but not limited to the worldwide inflation trend and the military conflicts between Russia and Ukraine and also between Israel and Hamas. Moreover, the trade relation between the United States and the PRC was also clouded with further uncertainties following the presidential election of the United States. Despite under such economic climate, the business and financial performance of the Group recorded remarkable progress, mainly driven by the improvement in the OEM Business for the year ended 31 December 2024.

The OEM Business focuses on the overseas market, particularly the United States market, and was still the primary revenue and profit contributor to the Group for the year ended 31 December 2024. The OEM Business recorded a notable annual increment in its revenue for the year ended 31 December 2024. Such improvement was driven by the increased sales orders from existing customers, primarily because the Group has been proactively communicating with its major customers and was able to capture business opportunities in relation to the production of bottle models, particularly stainless steel sports bottles, during year 2024. The increment might also be attributable to the higher order volume from customers as they might plan to stockpile in case any potential trade war between the United States and the PRC materialises following the presidential election in the United States.

The Yo Yo Monkey Business, which primarily involves own-brand products, focuses on the PRC market and it continued to record a notable annual decline in sales in year 2024, mainly as a result of intensified local competition and poor industry sentiment, which was in turn caused by, among other factors, (i) the ongoing fierce price war in the local retail industry; (ii) the market trend where online shopping gained popularity but the Group was not yet able to successfully capture such sales; and (iii) the weakened consumer confidence due to factors including the unresolved real estate crisis in the PRC.

Overall, propelled by the enhancement in total revenue mainly attributable to the improvement in sale orders from the major OEM Business customers aforementioned, the net profit attributable to the Shareholders of the Group rose from approximately HK$16.3 million for the year ended 31 December 2023 to approximately HK$49.4 million for the year ended 31 December 2024, representing an increase of approximately HK$33.1 million or approximately 203.3%.

OUTLOOK AND STRATEGIC PLAN

Given the variety and complexity of the ongoing global issues, the outlook of the industry and the businesses of the Group is difficult to envisage. On top of the military conflicts happening in different parts of the world, trade tensions (especially between the United States and the PRC) are expected to cause uncertainties and risks regarding the prospects of the Group, particularly the OEM Business. In the scenario where the United States introduce steep tariffs to the products of the Group, the OEM Business could be materially and adversely affected as the customers of the Group might reduce their procurements from the Group or request the Group to bear the tariffs, which would undermine the financial performance of the Group, such as potentially resulting in a severe reduction in revenue and profit margin of the Group in the upcoming financial period. Besides, the Yo Yo Monkey Business is also likely to continue to face challenges primarily because the price wars in the local markets do not currently show any sign of easing, which might even worsen if the PRC economy is adversely impacted by, among other factors, the real estate crisis. In addition, the low birthrate in the PRC in the past few years is also unfavourable to the Yo Yo Monkey Business as it may dampen the future market growth of infant products.

The Group will continue to pay close attention to the ever-changing market and, depending on the then circumstances, make corresponding business adjustments to cope with the environmental changes. For the OEM Business, fundamentally, the Group strives to (i) ensure the continuous provision of quality products and bolster the business relations with existing major customers; (ii) identify and reach out to new customers with a view to diversifying customer base on a worldwide basis to avoid over reliance on limited markets; and (iii) evaluate feasible means to enhance manufacturing capabilities and diversify product mix in respect of different types of bottles, especially the possibility to strengthen its capabilities in producing stainless steel sports bottles. For the Yo Yo Monkey Business, the Group has been trying to elevate its online sales through various internet platforms, with an aim to capture the online shopping trend in the PRC. In general, the Group has always been making every effort to minimise operating costs and expenses for the enhancement of profitability, such as via (i) further automatising and streamlining manufacturing cycles to minimise labour force and wasted resources to the extent possible, without jeopardising the quality of production; and (ii) carefully examining the effectiveness of administrative, selling and related expenses to eliminate unnecessary expenditures.

ACKNOWLEDGEMENT

On behalf of the Group, I would like to thank all the management staff and employees of the Group for their unwavering loyalty, dedication, professionalism, hard work and invaluable contributions that together enabled the Group to achieve the results achieved in year 2024. I would also like to take this opportunity to extend my sincere appreciation and heartfelt gratitude to all the Shareholders, customers and all other business partners of the Company for their continuous support and recognition of the merits, aspirations and strategies of the Group.

Chau Ching
Chairman

FINANCIAL REVIEW

Revenue

Revenue of the Group amounted to approximately HK$421.1 million for the year ended 31 December 2024 (2023: approximately HK$234.0 million), representing an increase of approximately 80.0% as compared with the preceding year. The increase was mainly attributable to the growth of the OEM Business.

- OEM Business

  For the year ended 31 December 2024, revenue generated from the OEM Business amounted to approximately HK$417.3 million, representing an increase of approximately 88.0%, as compared to that of approximately HK$221.9 million for the preceding year. For the year ended 31 December 2024, the two largest customers continued to be the major contributors of revenue for the OEM Business, where (i) the revenue generated from the largest customer of the Group amounted to approximately HK$323.2 million (2023: approximately HK$145.5 million), representing an increase of approximately 122.1%; and (ii) the revenue generated from the second largest customer of the Group amounted to approximately HK$85.4 million (2023: approximately HK$67.8 million), representing an increase of approximately 26.0%. The increase in revenue from the largest customer was primarily driven by the increased orders received for the production of stainless steel sports bottles, where the Group manufactured the plastic parts and procured the metallic parts to produce these products. Revenue from stainless steel sports bottles amounted to approximately HK$212.4 million for the year 2024, representing a significant growth as compared with that of approximately HK$14.9 million for year 2023. The overall increment might also be attributable to the higher order volume from customers as they might plan to stockpile in case any potential trade war between the United States materialises following the presidential election in the United States.

- Yo Yo Monkey Business

  For the year ended 31 December 2024, the Yo Yo Monkey Business recorded revenue of approximately HK$3.8 million, representing a decline of approximately 68.7% as compared to that of approximately HK$12.1 million for the preceding year. Such decline was mainly due to the fierce local competition, vigorous price war and poor industry sentiment in year 2024, where sales performance at offline retail stores recorded a decline while the Group was still on its way to improve its online sales business.

Gross profit

The overall gross profit of the Group was approximately HK$117.9 million, representing an overall gross profit margin of approximately 28.0%, for the year ended 31 December 2024 as compared to that of approximately HK$75.1 million, representing a gross profit margin of approximately 32.1%, for the year ended 31 December 2023. For the year ended 31 December 2024, the gross profit margin of the OEM Business was approximately 28.0% (2023: approximately 32.3%), such decrease in gross profit margin was mainly attributable to the strategic shift in product mix, where stainless steel sports bottles (which have a lower gross profit margin as compared with other plastic products) accounted for a greater proportion of and was significant to the total revenue of the Group in 2024, as compared with that in 2023. The gross profit margin of the Yo Yo Monkey Business slightly decreased to approximately 26.8% (2023: approximately 28.5%) given the lower revenue resulted in reduced economies of scale.

Selling expenses

The Group incurred selling expenses of approximately HK$8.4 million for the year ended 31 December 2024, representing a decrease of approximately 7.9% as compared to that of approximately HK$9.2 million for the year ended 31 December 2023. Such decrease was mainly attributable to the reduction in employee benefit expenses, travelling expenses and marketing and promotional spending in year 2024 as part of the cost control measures of the Group.

Administrative expenses

The administrative expenses of the Group amounted to approximately HK$47.2 million for the year ended 31 December 2024, representing an increase of approximately 23.3% as compared to that of approximately HK$38.3 million for the year ended 31 December 2023. The increase in administrative expenses was mainly due to (i) an increment in expected credit loss adjustment on trade and other receivables by approximately HK$2.2 million; (ii) an increase in amortization of share based payment by approximately HK$1.6 million; and (iii) an increase in provision of year-end bonus by approximately HK$2.2 million in year 2024.

Other income and gains/losses

The Group recorded net other income and losses of approximately HK$88,000 for the year ended 31 December 2024, as compared to net other income and gains of approximately HK$0.9 million for the year ended 31 December 2023. The net other income and losses in year 2024 were mainly attributable to losses on disposal and write-off of property, plant and equipment.

Finance income, net

The Group recorded net finance income of approximately HK$3.0 million for the year ended 31 December 2024, as compared to that of approximately HK$4.1 million net finance income for the year ended 31 December 2023. The finance expenses were mainly interest expenses for the utilisation of bill facilities and lease liabilities, whilst the finance income was primarily interest income from time deposits placed at banks. The Group did not purchase any financial product during the year ended 31 December 2024.

Share of result of associates

The Group recorded a share of losses of associates of approximately HK$1.2 million for the year ended 31 December 2024 (2023: approximately HK$8.6 million). The losses were attributable to share of operating loss amounting to approximately HK$0.2 million (2023: approximately HK$4.3 million) before share of amortisation of intangible assets amounting to approximately HK$1.0 million (2023: approximately HK$3.2 million) and no impairment loss of associate incurred for year 2024 (2023: approximately HK$1.1 million). The Group discontinues recognizing its share of further losses when its share of loss of associates exceeds its investment in associates. As at 31 December 2024, the Group has approximately HK$4.2 million accumulated unrecognised share of loss for associates.

Net profit

The Group recorded an improvement in net profit attributable to equity holders of the Company from approximately HK$16.3 million for the year ended 31 December 2023 to approximately HK$49.4 million for the year ended 31 December 2024 primarily due to the enhancement in revenue, which in turn was mainly attributable to the increase in sales orders from the major OEM Business customers aforementioned.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the cash and cash equivalents of the Group amounted to approximately HK$114.5 million (2023: approximately HK$126.3 million). The cash and cash equivalents of the Group as at 31 December 2024 were primarily denominated in Hong Kong dollars, Renminbi and United States dollars. The net decrease in cash and cash equivalents from 31 December 2023 to 31 December 2024 by approximately HK$11.8 million was mainly attributable to (i) the payment of final dividend and final special dividend as stated in the announcement of the Company dated 21 March 2024 with an aggregate amount of approximately HK$12.0 million; and (ii) the payment of interim dividend and interim special dividend as stated in the announcement of the Company dated 22 August 2024 with an aggregate amount of approximately HK$20.0 million.

As at 31 December 2024, the Group maintained banking facilities of approximately HK$30.0 million (2023: approximately HK$30.0 million), which were partly utilised as bills facilities to settle payments to suppliers from time to time.

As at 31 December 2024, the gearing ratio of the Group (being total interest-bearing borrowings divided by total equity) was nil (2023: Nil).

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As at 31 December 2024, the Group had no capital commitment (2023: Nil).

For the year ended 31 December 2024, the capital expenditure of the Group (being gross addition of property, plant and equipment) was approximately HK$15.8 million (2023: approximately HK$10.7 million). Such capital expenditure was primarily for the acquisition of new machineries and equipment.

FUNDING AND TREASURY POLICY

The Group had sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business during the year ended 31 December 2024. The management will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of any future growth opportunities.

EXCHANGE RATE RISK

The transactions of the Group were primarily denominated in United States dollars, Renminbi and Hong Kong dollars. In particular, sales were primarily made in United States dollars whereas payments of staff wages and salaries were in Renminbi and Hong Kong dollars. The Group was exposed to exchange rate risk, especially from the fluctuation of the value of Renminbi.

For the year ended 31 December 2024, the Group recorded a gain on foreign exchange of approximately HK$0.9 million (2023: gain on foreign exchange of approximately HK$0.2 million).

The Group had not used any derivatives or financial instruments for hedging its exposure to foreign exchange risk during the year ended 31 December 2024. The management of the Company will continue to monitor the Group's foreign currency risk exposure and to ensure that it is kept at an acceptable level.

CHARGE ON ASSETS

None of the assets of the Group were pledged as at 31 December 2024 (2023: nil).

MATERIAL ACQUISITION, DISPOSAL AND INVESTMENT

The Group did not perform any material acquisition or disposal of subsidiaries, associates or joint ventures or investments during the year ended 31 December 2024. The Group did not hold any significant investment as at 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments and capital assets during the year ended 31 December 2024 and up to the date of this annual report.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities, nor was aware of any pending or potential material legal proceedings involving the Group.

EVENTS AFTER THE YEAR

As at the date of this annual report, there is no other material change or major event required to be disclosed by the Company after 31 December 2024.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2024, the Group had 818 full-time employees (2023: 626). The increase in the number of employees as at 31 December 2024 as compared to that of 31 December 2023 was mainly because of the higher demand for production workers (non-administrative staff) for manufacturing processes along with the improvement in the number of sales orders received in the year 2024.

Employees were remunerated and granted bonus based on their performance, work experience and prevailing market conditions. In compliance with statutory requirements in the PRC, the Group participated in a social insurance scheme and a housing provident fund. The social insurance scheme included pension insurance, medical insurance, maternity insurance, unemployment insurance and work injury insurance. For the Hong Kong employees, the Group contributed to the mandatory provident fund scheme as applicable. Employee benefit expenses of the Group in total for the year ended 31 December 2024 was approximately HK$84.0 million (2023: approximately HK$65.7 million).

The emoluments of the Directors were decided by the Board after recommendation from the remuneration committee of the Company, having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Group has adopted a Share Option Scheme under which employees of the Group may be granted an opportunity to acquire equity interests in the Company in recognition of their contributions to the Group. On 7 June 2021, the Company granted 6,000,000 share options to the Directors, senior management and certain employees of the Group to subscribe for an aggregate of 6,000,000 Shares. On 27 May 2024, the Company granted 10,000,000 share options to the Directors and certain employees of the Group to subscribe for an aggregate of 10,000,000 Shares. For further details, please refer to the announcements of the Company dated 7 June 2021 and 27 May 2024, the section headed "Share Option Scheme" in this annual report and note 27 to the consolidated financial statements of the Group in this annual report.

PROSPECTS

The post-pandemic era is still complicated, with numerous challenges in different areas. Worldwide trade tensions, inflation trends and military conflicts are some of the key underlying causes that bring uncertainties and risks to the upcoming business performance of the Group. In particular, following the recent shift in the presidential administration in the United States, the trade relation between the United States and the PRC has become more unpredictable. Notwithstanding the aforesaid, the Group will continue to take a cautious approach to address any obstacles ahead, with a view to ensuring business sustainability for the road to come.

The OEM Business has been the core business segment, generating the majority of the total revenue of the Group. Its primarily focus is on the overseas markets, where a majority of its revenue has been derived from customers based in the United States that are mainly brand owners. Throughout the years, the Group has established recognition in the market with its craftsmanship and has built strong ties with its major customers. In year 2024, the Group leveraged on its industry edges and was able to successfully further capture the thriving demand of stainless steel sports bottle from an existing major customer, which drove the increase of the revenue from the OEM Business. However, the sustainability of product demand, the mix of product types and the profitability of the businesses of the Group are difficult to foresee as they depend on, among other matters, the then industry environment, product cycle and trade policies from time to time. Particularly, in the scenario where the United States imposes steep tariffs on the products of the Group, the OEM Business could be materially and adversely affected as the customers of the Group might reduce their procurements from the Group or request the Group to bear the tariffs, which would undermine the financial performance of the Group, such as potentially resulting in a severe reduction in revenue and profit margin of the Group in the upcoming financial period. In view of the potential challenges ahead, the Group maintains a prudent approach to mitigate market risks and proactively develop this core business segment. The principal strategies of the Group will primarily involve (i) ensuring the continuous provision of quality products and services to strengthen the bonds with existing customers, so as to obtain more sales orders, including for stainless steel sports bottles; (ii) liaising with potential customers, such as well-known bottle brands, on a worldwide basis with a view to expanding revenue stream and diversifying the present focus on the United States market; and (iii) exploring possible means to enhance the manufacturing capabilities for products, including but not limited to plastic sports bottle and stainless steel sports bottle, primarily for meeting the demands of existing customers and improving the margins of the relevant products.

The Yo Yo Monkey Business relies on the local PRC market. Its business performance has been, and is expected to continue to be, increasingly pressured by (i) the fierce local and online market competition, where price wars have hindered the Group to seize or maintain market share; and (ii) the shift of consumer purchasing habit from offline to online since the pandemic broke out, which has been unfavourable as the business has been primarily generating revenue through retail sales at physical stores in the PRC. Nevertheless, the Group believes the Yo Yo Monkey Business is still well positioned in the PRC market in view of, among other things, "Yo Yo Monkey (優優馬騮)" being one of the few quality baby brand products originated from Hong Kong with established market presence in the PRC. Moreover, in order to cope with the shifting in market landscape towards the e-commerce environment in the PRC, the Group has continuously exerted efforts to attempt to improve its internet business.

On top of organic growth from the existing businesses, the Group also carefully evaluates possibilities to boost growth via exploring suitable business and investment opportunities, including but not limited to (i) evaluating potential acquisition targets on a global basis, especially those that are able to bring production synergies to the Group; and (ii) assessing possible cooperation with business partners to form strategic alliances to accelerate the business development of the Group, such as for the stainless steel bottle products which drove the revenue growth of the Group in year 2024. In 2021, the Group made an investment to obtain 40% interest in BRH2 Plastics, LLC and, although BRH2 Plastics, LLC has not yet generated profit to the Group as its performance was still suffering from the unfavourable local industry conditions, the Group expects it can generate more synergies when the overseas plastic manufacturing industry environment further improve.

The Group achieved flourishing results in year 2024 and the Group will continue to dedicate substantial efforts to further develop its businesses. Given the enormous size of the industry, the Group still has ample growth potential, but seizing market share remains a challenging mission. With solid experience accumulated in hand, the future development of the businesses of the Group still very much depends on, among other factors, (i) the adaptability of the Group to cope with the latest market circumstances, which include but not limited to making timely adjustments to product trends and product cycles; (ii) the ability of the Group to maintain and enhance customer and product base through proactive networking with existing and potential customers; and (iii) the capability of the Group, such as to equip itself with crucial know-hows, so as to be continuously competitive in the manufacturing industry. Despite the market's continuous changes, the Group is also ever-evolving, with the main goal of bringing the businesses of the Group on a path of sustainable success.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chau Ching (周青), aged 71, was appointed as a Director on 9 March 2017 and was re-designated as executive Director on 31 August 2017 and is the chairman of the Board, the chairman of the nomination committee of the Company and the founder of the Group. He is responsible for overseeing and implementing the Group's strategy and managing the OEM Business. In 2007, Mr. Chau founded Main Success and had since served as its director till now. Mr. Chau is one of the controlling Shareholders. For Mr. Chau's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Report of the Directors" in this annual report. Mr. Chau is the father of Mr. Chau Wai, the cousin-in-law of Mr. Chung and uncle of Mr. Chung Leonard Shing Chun.

Mr. Chau has more than 20 years of experience in the manufacturing industry. Mr. Chau founded Sharp Success Enterprises Limited in 1995 which was principally engaged in the toy manufacturing business. Subsequently, Sharp Success Enterprises Limited left the toy manufacturing business and in 2011 became a property holding company.

Mr. Chung Kwok Keung Peter (鍾國強), aged 71, was appointed as a Director on 9 March 2017 and was re-designated as executive Director on 31 August 2017 and is the chief executive officer of the Group. He is primarily responsible for directing the overall management and strategic planning and supervision of operations of the Group. He joined the Group in August 2012.

Mr. Chung is a director of Main Success and On Gain Development Limited, both are indirect wholly-owned subsidiaries of the Company. Mr. Chung is one of the controlling Shareholders. For Mr. Chung's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Report of the Directors" in this annual report. Mr. Chung is the father of Mr. Chung Leonard Shing Chun, cousin-in-law of Mr. Chau and uncle of Mr. Chau Wai.

Mr. Chung has accumulated more than 30 years of experience in the manufacturing industry. He co-founded Racing Champions Limited in 1989, which focused on manufacturing die-cast race car miniatures under the National Association for Stock Car Auto Racing (NASCAR) brand license, and served as its director. Racing Champions Limited sold its business assets to Banerjan Company Limited (now known as TOMY (Hong Kong) Limited, a major customer of the Group), which was then wholly-owned by Racing Champions Corporation, in 1996. Racing Champions Corporation was renamed as RC2 Corporation in 2003, the shares of which were listed on the Nasdaq Global Select Market and was acquired by Tomy Company, Ltd in 2011. He served as a director of Racing Champions Corporation from 1996 to 2008 and joined Baird Capital and worked as an operating partner from 2003 to 2014. He was also the chairman of Baird Asia Limited from 2004 to 2010. During the time, he was also instrumental in starting and overseeing Baird's regional office in Hong Kong and Shanghai, the PRC.

He served as an independent non-executive director of StarGlory Holdings Company Limited (formerly known as New Wisdom Holding Company Limited and Epicurean and Company, Limited) (stock code: 8213), a company listed on GEM for the period from 18 February 2010 to 8 November 2016.

EXECUTIVE DIRECTORS

Mr. Chung Leonard Shing Chun (鍾丞晉), (with former name Chung Wai Hang Leonard) aged 37, was appointed as a Director on 9 March 2017 and was re-designated as executive Director on 31 August 2017. Mr. Leonard Chung is responsible for managing the corporate development and investor relations functions of the Group. He is the director of strategy and development of Main Success. Mr. Leonard Chung is the son of Mr. Chung, nephew of Mr. Chau and cousin of Mr. Chau Wai.

Prior to joining the Group in 2016, Mr. Leonard Chung worked in Baird Asia Limited as a financial analyst from 2010 to 2012. He held positions until present as the director of investments in Racing Champions Limited (a company wholly-owned by Mr. Chung and his spouse) since 2012, and the managing partner in Enclave Audio Limited since 2014. He obtained a bachelor's degree of science in business administration from the Washington University in St. Louis in 2009.

Mr. Chau Wai (周瑋), (with former Chinese name 周煒) aged 37, was appointed as a Director on 9 March 2017 and was re-designated as executive Director on 31 August 2017. He is responsible for formulating development strategies, overseeing the administration, sales and marketing functions of the "Yo Yo Monkey" brand of the Group. Mr. Chau Wai is the son of Mr. Chau, nephew of Mr. Chung and cousin of Mr. Chung Leonard Shing Chun.

Since Mr. Chau Wai joined the Group, he has worked as the manager of sales and marketing in Main Success in which he was responsible for expanding the customer base and the advertising functions of the Group from 2009 to 2012. He then worked as the director of sales and marketing in Main Success and the general manager of Anyu Baby, which is an indirect wholly owned subsidiary of the Company, from 2012 until now. As a general manager in Anyu Baby, he is primarily responsible for the operation management, administration and sales of the business. He obtained a bachelor's degree of science in hotel administration from the University of Nevada in 2008 prior to joining the Group.

Ms. Lo Siu Fun Helena (老少芬), aged 65, was appointed as an executive Director on 1 December 2024. Ms. Lo joined the Group in 2018 and currently serves as the President. She is responsible for overseeing the Group's overall operational management and strategic planning to achieve its business objectives.

Prior to joining the Group, Ms. Lo held several senior management positions with a number of public companies listed overseas, primarily in the children's toys, collectibles, and infant and toddler products sectors. She brings valuable experience in enterprise management and team leadership from her previous roles. Ms. Lo holds a bachelor's degree in Business Administration.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Hon To David (俞漢度), aged 77, was appointed as an independent non-executive Director on 15 May 2018. He is also the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Mr. Yu presently serves as an independent non-executive director of several companies listed on the Main Board including China Resources Gas Group Limited (stock code: 1193), Keck Seng Investments (Hong Kong) Limited (stock code: 0184), One Media Group Limited (stock code: 0426), Playmates Toys Limited (stock code: 0869), Mr. Yu is also a Non-executive Director of Haier Smart Home Co., Ltd. which is listed on the Shanghai Stock Exchange (stock code: 600690.SH) and the Main Board of the Hong Kong Stock Exchange (stock code: 6690).

Mr. Yu obtained a bachelor's degree in social science from The Chinese University of Hong Kong. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He was a partner of an international accounting firm with extensive experience in the fields of corporate finance, auditing and corporate management.

Mr. Seto John Gin Chung (司徒振中), aged 76, was appointed as an independent non-executive Director on 15 May 2018. He is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Seto obtained a master's degree in business administration from the New York University in 1973.

Mr. Seto presently serves as an independent non-executive director of Pokfulam Development Company Limited (stock code: 0225) which is listed on the Main Board. Mr. Seto resigned as an independent non-executive director and the chairman of the board of Hop Hing Group Holdings Limited (stock code: 0047) on 15 February, 2022, which was privatized and delisted from the Stock Exchange on 27 January 2022. He also resigned as independent non-executive director of Kowloon Development Company Limited (stock code: 0034) with effect from 8 June 2022.

Mr. Seto has over 40 years of experience in the securities and futures industry which includes his services as the chief executive officer in HSBC Broking Services (Asia) Limited, a non-executive director of Hong Kong Exchanges and Clearing Limited, a council member of the Stock Exchange and the first vice chairman of the Stock Exchange.

Mr. Asvaintra Bhanusak (馬清源), aged 80, was appointed as an independent non-executive Director on 15 May 2018. He is also a member of the audit committee and the remuneration committee of the Company. He is currently an independent non-executive director of Dickson Concepts (International) Limited (stock code: 0113), a company listed on the Main Board of the Hong Kong Stock Exchange.

Mr. Asvaintra held various senior executive positions in the banking industry with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. In 1980, Mr. Asvaintra joined the Charoen Pokphand group of companies and retired as the chief executive officer in 1998.

Mr. Asvaintra received his bachelor's degree in science from the Wharton Business School, University of Pennsylvania in May 1968 and a master's degree in business administration from the University of Chicago in June 1970.

SENIOR MANAGEMENT

Mr. Cheung Chor Yin (張楚然), aged 58, was appointed as the chief operating officer of the Group in June 2017. Mr. Cheung is primarily responsible for product engineering development and supervising the sales and marketing and quality assurance functions of the Group. He joined the Group in August 2010. Mr. Cheung has experience of over 20 years in the design, engineering and manufacturing business. Mr. Cheung worked as the engineering director in Sunrise Industrial Limited from 2008 to 2009. In the years between 1993 and 2007, he worked at Funrise Toy Limited. He was the vice president in research and design from 1998 to 2007, the engineer director from 1997 to 1998, the engineering manager from 1996 to 1997 and the project engineer from 1993 to 1995. Mr. Cheung obtained his higher certificate in manufacturing engineering from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1993 and his diploma in mechanical engineering in July 1988 from Kwai Chung Technical Institute (now known as Hong Kong Institute of Vocational Education (Kwai Chung)).

Mr. Ko Kam On (高錦安), aged 45, was appointed as the chief financial officer and the company secretary of the Group on 3 January 2017. Mr. Ko graduated from The Hong Kong Polytechnic University with a bachelor degree in accountancy and is a fellow member of the Association of Chartered Certified Accountants. He is also a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He has over 15 years of professional experience in financial management and administration. He is also an associate and registered tax adviser of the Taxation Institute of Hong Kong, Registered Financial Planner and the initial HKRFP of the Society of Registered Financial Planners, Diploma in commercial fraud from the Society of Business Practitioners, Certified Merger and Acquisition Specialist from the Institute of Financial Consultants in Canada and the US and a certified risk planner from the institute of Crisis and Risk Management. He also obtained a master's degree in business administration from Holmes Institute in 2014 and a master degree in laws from University of Greenwich, the United Kingdom in 2021.

COMPANY SECRETARY

Mr. Ko Kam On is the company secretary of the Company. He is also the chief financial officer of the Group. Please refer to the above paragraph for details of his biographical information.

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.

For the year ended 31 December 2024, the Company had applied the principles and complied with the code provisions in the CG Code.

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong and productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

BOARD OF DIRECTORS

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 that a prudent and effective framework of risk management and internal control is in place.

COMPOSITION

The Board currently comprises five 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 12 to 15 of this annual report. The composition of the Board is as follows:

Executive Directors

Mr. Chau Ching *(Chairman)*
Mr. Chung Kwok Keung Peter *(Chief Executive Officer)*
Mr. Chau Wai
Mr. Chung Leonard Shing Chun
Ms. Lo Siu Fun Helena (Appointed on 1 December 2024)

Independent Non-Executive Directors

Mr. Asvaintra Bhanusak
Mr. Seto John Gin Chung
Mr. Yu Hon To David

Ms. Lo Siu Fun Helena was appointed as an executive Director during the year ended 31 December 2024. She obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 November 2024 and she has confirmed that she understood her obligations as a director of the Company.

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.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For holding of other Board and committee meetings, reasonable notice have been given to the Directors in general. The agenda and accompanying Board papers are despatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. If Directors or committee members are unable to attend a meeting, we will ensure that they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of the Board meetings and committees meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meetings and committees meetings are sent to the relevant Directors for comments within a reasonable time after the date on which the meeting is held.

During the year ended 31 December 2024, the Board discussed and reviewed the audited annual results and report for the year ended 31 December 2023 and the unaudited interim results and report for the six months ended 30 June 2024, the business and financial performance of the Company, as well as the engagement of external professional service providers to review the Group's risk management and internal control systems.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. There are established mechanisms for the Directors to seek independent professional advice in appropriate circumstances at the Company's expense. The Board adopted a policy on directors obtaining independent professional advice on 18 November 2022 and the Board reviews the implementation and effectiveness of such mechanisms annually.

RELATIONSHIP BETWEEN THE MEMBERS OF THE BOARD

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

To ensure a balance of power and authority, the roles of the chairman of the Board and the chief executive officer of the Company are clearly segregated.

The chairman of the Board is Mr. Chau Ching and his principal role is to provide leadership for the Board on the Group's strategic planning, ensure proper proceedings of the Board and encourage all Directors to have full and active contributions to the Board's affairs. At the same time, the chairman ensures that good corporate governance practices and procedures are established. Moreover, the chairman at least annually holds meetings with the independent non-executive Directors without the presence of other Directors and management.

The chief executive officer of the Company is Mr. Chung Kwok Keung Peter, supported by other executive Directors and the management. His principal role is to direct the overall management and strategic planning and supervision of operations of the Group.

RESPONSIBILITIES, ACCOUNTABILITY AND CONTRIBUTION OF THE BOARD AND THE MANAGEMENT

The management of the Company is led by the executive Directors and has been delegated power 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 delegated power and authorities are periodically reviewed by the Board. 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 but not limited to the following) must be reserved to the Board for its approval:

(i) publication of final and interim results of the Company;

(ii) decisions on whether or not to declare, recommend and pay dividend;

(iii) changes to major group structure or Board composition;

(iv) notifiable or connected transactions within the meaning of Chapters 14 and 14A of the Listing Rules; and

(v) other significant financial and operational matters and matters specifically set out in the Listing Rules which require approval at a full Board meeting.

MODEL CODE

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code in Appendix C3 to the Listing Rules. Having made specific enquiries to all Directors, they have all confirmed that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2024.

All Directors and certain relevant employees (who are likely to be in possession of unpublished inside information of the Company) 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 annual results announcements, respectively, and they are prohibited to make use of any inside information to deal in the securities of the Company.

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

During the year ended 31 December 2024, all Directors (Mr. Chau Ching, Mr. Chau Wai, Mr. Chung Kwok Keung Peter, Mr. Chung Leonard Shing Chun, Ms. Lo Siu Fun Helena, Mr. Seto John Gin Chung, Mr. Asvaintra Bhanusak and Mr. Yu Hon To David) have participated in continuous professional development by attending seminars and reading materials on topics related to the Group's business, corporate governance, continuing obligations of listed companies and directors, and/or updates on rules and regulations.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Board and the Company may declare dividends subject to the Cayman Islands Companies Law and the articles of association of the Company. The amount of dividends to be declared and paid are based upon, among other things, the Group's general business conditions, financial results, capital requirements and liquidity position, interests of the Shareholders, statutory and regulatory restrictions and any other factors which the Board may deem relevant.

INSIDE INFORMATION POLICY

The Board had adopted an inside information policy in 2018 which contains 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 harbour" provisions under the SFO apply. The Board will take reasonable precautions in preserving the confidentiality of inside information before publication of the relevant announcement (if applicable).

The Board had adopted the whistleblowing policy since 2018 to provide channels for employees to raise concerns and define a way to handle these concerns, enable management to be informed at an early stage about acts of misconduct. The Group reassure employees that they will be protected from punishment or unfair treatment for disclosing concerns in good faith and help to development a culture of openness, accountability and integrity.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the "Whistleblowing Policy") in May 2018. The purpose of the Whistleblowing Policy is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee or the company secretary of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered.

The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

ANTI-CORRUPTION POLICY

The Board had adopted an anti-corruption policy since 2022 to ensure employees are aware of anti-corruption laws and regulations and regulatory obligations.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors serve the function of bringing independent judgement to 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.

Mr. Yu Hon To David, Mr. Seto John Gin Chung and Mr. Asvaintra Bhanusak have been the independent non-executive Directors since 2018. All of them are not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of their independent judgement.

The Board has received from each of them a confirmation of independence according to Rule 3.13 of the Listing Rules and considers that the independent non-executive Directors to be independent for the year ended 31 December 2024.

COMMITTEES OF THE BOARD

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 its audit committee on 15 May 2018 (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The main duties of the Audit Committee include, *inter alia*, (1) reviewing the relationship of the external auditor and the Group and making recommendations to the Board on the appointment, re-appointment and removal of external auditor and its remuneration and terms of engagement; (2) reviewing the financial statements and reports and considering any significant or unusual items raised by the external auditor; (3) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management system, etc.; and (4) overseeing the corporate governance function.

During the year ended 31 December 2024, the Audit Committee reviewed the audited annual results and report for the year ended 31 December 2023, the unaudited interim results and report for the six months ended 30 June 2024, and the Group's financial and accounting policies and practices; and discussed the engagement of external professional service providers to review the risk management and internal control systems and the environmental, social and governance report of the Group.

Members of the Audit Committee comprise Mr. Yu Hon To David (Chairman), Mr. Seto John Gin Chung and Mr. Asvaintra Bhanusak, all of whom are independent non-executive Directors.

Nomination Committee

The Company established its nomination committee on 15 May 2018 (the "**Nomination Committee**") with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The primary duties of the Nomination Committee include, *inter alia*, the following:

(a) to review the structure, size, composition and diversity of the Board and make recommendations on any proposed changes;

(b) to identify individuals suitably qualified to become Board members;

(c) to assess the independence of independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Board diversity policy

The Board adopted a board diversity policy which sets out its approach to achieve diversity on the Board. The Board sets measurable objectives to implement the board diversity policy and reviews such objectives from time to time.

Board diversity has been considered from a number of perspectives, including skills, regional and industry experience, background, race, gender and other qualities. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board is currently diversified in terms of, amongst others, age, gender, skill, regional and industry experience and background. For instance, (i) Mr. Chau, Mr. Chung and Ms. Lo Siu Fun Helena are seasoned veterans with decades of experience in the manufacturing industry, whereas Mr. Chung Leonard Shing Chun and Mr. Chau Wai are in their thirties and had graduated from universities in the United States; and (ii) the independent non-executive Directors are experienced in, among other areas, the accounting and/or finance industries. For further details of the profile of each of the members of the Board, please refer to the section headed "Biographical details of directors and senior management" in this annual report.

As disclosed in the environmental, social and governance reports published by the Company, the majority of the employees of the Group are female. As of 31 December 2024, the Group had a total of 818 employees, of which 199 were male, accounting for 24.3% of the total number of employees; and 619 were female, accounting for 75.7% of the total number of employees.

The Company ensures that the recruitment and selection of personnel at all levels are conducted in accordance with appropriate framework procedures to attract candidates with diverse backgrounds for the Group's engagement. The Group plans to cultivate employees with a broader and more diverse background as well as rich work experience and skills. Nonetheless, following the appointment of Ms. Lo Siu Fun Helena as an executive Director on 1 December 2024, the Company has achieved gender diversity of the Board. As a measure to develop a pipeline of potential successors to the Board to achieve gender diversity, the Group is in the process of achieving gender diversity for the Nomination Committee.

The Nomination Committee reviews and monitors the implementation of the board diversity policy on an annual basis.

Nomination policy

The Board had also adopted a nomination policy on 17 December 2018 (the "**Nomination Policy**") which sets out the nomination procedures for selecting candidates for election as Directors. Such policy was managed by the Nomination Committee.

A summary of the Nomination Policy is set out as follows:

- The Nomination Committee will assess the suitability of a proposed candidate by considering factors such as the reputation for integrity, the accomplishment and experience in the Company's related businesses, the commitment in respect of available time and relevant interest of the candidate and diversity, etc.

- The Nomination Committee will then nominate suitable candidates to the Board (i) for it to consider and make recommendations to the Shareholders for election as Directors at general meetings; or (ii) for appointment as Directors to fill casual vacancies.

During the year ended 31 December 2024, the Nomination Committee (i) reviewed the structure, size, composition and diversity of the Board, the independence of independent non-executive Directors, re-election of Directors, the Company's board diversity policy and the Nomination Policy; and (ii) considered and recommended to the Board for the appointment of a female Director.

Members of the Nomination Committee comprise Mr. Chau (Chairman), who is an executive Director, and Mr. Yu Hon To David and Mr. Seto John Gin Chung, both of whom are independent non-executive Directors.

Remuneration Committee

The Company established its remuneration committee on 15 May 2018 (the "**Remuneration Committee**") with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee include, inter alia, reviewing the management's remuneration proposals, making recommendations to the Board on the remuneration package of the Directors and senior management and ensuring none of the Directors determines his own remuneration.

During the year ended 31 December 2024, the Remuneration Committee had reviewed the remuneration of Directors and senior management and the Company's remuneration policy, including the grant of 10,000,000 share options on 27 May 2024 to the Directors and certain employees of the Group as detailed in the announcement of the Company dated 27 May 2024 and the section headed "Share option scheme" in this annual report, where the Remuneration Committee considered the grant to be appropriate after having principally considered (i) the positive financial performance of the Group; (ii) the recognition of the contributions devoted by those grantees; and (iii) the further alignment of interest of the grantees with the Group. Details of the amount of emoluments of Directors for the year ended 31 December 2024 are set out in note 11 to the consolidated financial statements in this annual report.

Members of the Remuneration Committee comprise Mr. Seto John Gin Chung (Chairman), Mr. Yu Hon To David and Mr. Asvaintra Bhanusak, all of whom are independent non-executive Directors.

Regarding the remuneration of the members of the senior management by band, the number of senior management with remuneration (i) more than $1,000,000 but no more than HK$2,000,000 was 1 for year ended 31 December 2024 (2023: 2); (ii) more than $2,000,000 but no more than HK$2,500,000 was 1 for year ended 31 December 2024 (2023: nil).

ATTENDANCE OF MEETINGS

The Board held regular Board meetings, Remuneration Committee meetings, Nomination Committee meetings and Audit Committee meetings to discuss the Group's businesses, operations, development and conduct. All important issues were discussed in a timely manner. The attendance record of each Director, who held office in year 2024, at the aforesaid meetings held for the year ended 31 December 2024 is set out below:

Number of meetings attended/eligible to attend

Name of Director	Board meeting	Remuneration Committee meeting	Nomination Committee meeting	Audit Committee meeting	AGM[7]
Executive Directors					
Mr. Chau[4]	4/4	N/A	2/2	N/A	1/1
Mr. Chung	4/4	N/A	N/A	N/A	1/1
Mr. Chau Wai	4/4	N/A	N/A	N/A	1/1
Mr. Chung Leonard Shing Chun	4/4	N/A	N/A	N/A	1/1
Ms. Lo Siu Fun Helena (Appointed on 1 December 2024)	N/A	N/A	N/A	N/A	N/A
Independent Non-Executive Directors					
Mr. Seto John Gin Chung[2, 3, 5]	4/4	3/3	2/2	2/2	1/1
Mr. Asvaintra Bhanusak[1, 5]	4/4	3/3	N/A	2/2	0/1
Mr. Yu Hon To David[1, 3, 6]	4/4	3/3	2/2	2/2	1/1

Notes:

1. Members of the Remuneration Committee
2. Chairman of the Remuneration Committee
3. Members of the Nomination Committee
4. Chairman of the Nomination Committee
5. Members of the Audit Committee
6. Chairman of the Audit Committee
7. AGM was held on 27 May 2024

COMPANY SECRETARY

Mr. Ko Kam On, the company secretary of the Company, is a full time employee and the chief financial officer of the Group. During the year ended 31 December 2024, Mr. Ko confirmed that he had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. His biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for maintaining an adequate system on risk management and internal controls of the Group and, on an annual basis, reviewing the effectiveness of it. The Board is committed to implement an effective risk management and internal control system to safeguard the interests of the Shareholders and the Company's assets. To achieve this, the Board engaged an independent professional consultant (the "**Internal Control Consultant**") to perform the internal audit function of the Group and review the Group's risk management and internal control systems.

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.

The internal control process is accomplished by the Board, the management team and other designated staff, and is designed to provide reasonable assurance regarding the achievement of objectives.

The approach adopted in assessing the internal control systems is based on those set by the Committee of Sponsoring Organisations of the Treadway Commission, a globally recognised framework which categorises internal controls into five components as the basis of reviewing its effectiveness, namely (i) control environment, (ii) risk assessment, (iii) information and communication, (iv) control activities; and (v) monitoring. In assessing the internal control system based on the above principles, the Group has taken into consideration of the nature of business as well as the organisation structure. The system is designed to manage the risk rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The system is designed further to safeguard the Group's assets, maintain appropriate accounting records and financial reporting, maintain efficiency of operations and ensure compliance with applicable laws and regulations.

The methodology of the Group's internal controls system for its risk assessment comprises four core stages as shown below. The process is performed on an annual basis to address changes in the Group's business environment.

Ongoing communication, monitoring and review

The Board as supported by the Audit Committee, assessed the effectiveness of the risk management and internal control systems (covering all material controls, including financial, operational and compliance controls) by engaging the Internal Control Consultant to review the effectiveness and adequacy of the risk management and internal control systems for the year ended 31 December 2024. All audit findings were reported and communicated to the Audit Committee, Directors and senior management. Appropriate recommendations for further enhancing the internal control systems were proposed to management and had been committed to adopt as management thought fit. Audit issues were tracked and followed up for proper implementation, with progress reported to the Audit Committee, Directors and senior management on a regular basis. The Directors considered that the risk management and internal control system (including but not limited to the processes for financial reporting and Listing Rules compliance) for the year ended 31 December 2024 were generally effective and adequate.

The Audit Committee also reviewed the adequacy of resources, qualifications, experience, training programme of the Group's accounting and financial reporting staff and considered they were adequate in carrying out their roles and responsibilities.

Inside information dissemination and control measures

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Access to inside information is at all times confined to relevant employees of the Group (mainly Directors and senior management). Relevant employees and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential.

FINANCIAL REPORTING

Responsibilities in respect of 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 ("**HKICPA**") have been adopted. The principal accounting policies, adopted for the preparation of financial statements of the Group are set out in note 2 to the consolidated financial statements of the Group in this annual report. 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 74 to 78 of this annual report.

Auditor's remuneration

In addition to audit services, the Company engaged its external auditor, PricewaterhouseCoopers, for non-audit services, under which the external auditor is required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the HKICPA.

During the year ended 31 December 2024, fees paid or payable to the external auditor are set out as follows:

Nature of services	HK$'000
Audit services	956
Non-audit services	564
Total	1,520

Non-audit services include transfer pricing review and tax review and review of the interim report and annual results announcement.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

Communication with Shareholders

The Company had established a shareholders' communication policy in 2018 and shall review it on a regular basis to ensure its effectiveness. The Group considers the communication policy conducted during the year ended 31 December 2024 was effective in view of the various channels available (both physically and electronically) for the ongoing communication between the Group and the Shareholders (including raising enquiries by Shareholders). The Company communicates with the Shareholders mainly in the following ways:

(a) the holding of annual general meeting 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 publication of press releases of the Company providing updated information of the Group;

(d) the availability of latest information of the Group on the Company's website;

(e) the holding of investor/analyst briefings and media conference from time to time; and

(f) meeting with investors and analysts on a regular basis.

Procedures for Shareholders to convene an extraordinary general meeting ("EGM")

Pursuant to article 58 of the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings, on a one vote per share basis, in the capital of the Company shall at all times have the right, by depositing at the headquarter of the Company in Hong Kong written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene an EGM, the requisitionist(s) himself/herself/themselves may convene a physical meeting at only one location which will be 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.

Voting by poll

The articles of association of the Company set out the procedures and requirements for voting by poll. 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 relevant general meeting.

Enquiries and proposals from Shareholders

Shareholders are welcomed to send their enquiries and concerns or put forward proposals at general meetings by writing to the Board addressing to the company secretary of the Company through the following channels:

(a) by mail to the Company's headquarter at Room 907, 9/F., Enterprise Square Tower 1, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong;

(b) by email at ir@sharpsuccess.cn; or

(c) by fax at +852 23051528.

Changes to constitutional document

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present this Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) to summarise the Group’s policies, measures and performance on the key ESG issues.

Reporting Period

This ESG Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 January 2024 to 31 December 2024 (the “**Reporting Period**” or “**2024**”).

Reporting Scope and Boundaries

This ESG Report discloses the policies and measures of the core and material business of the Group, i.e. the office in Hong Kong and the production base in Shaoguan city at Guangdong Province, the People’s Republic of China (the “**PRC**”), which have accounted for all of the Group’s total revenue in the Reporting Period.

If the scope and boundaries of the specific contents vary, they are noted in the relevant sections of this ESG Report.

Reporting Basis and Standards

This ESG Report is prepared in accordance with Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and based on the four reporting principles — materiality, quantitative, balance and consistency:

- **Materiality**
  The Group identifies and determines material ESG factors mainly through stakeholder engagement and materiality assessment, details of which are set out in the following sections.

- **Quantitative**
  Information on the standards, methodologies and criteria used for the reporting of the environmental and social key performance indicators (“**KPIs**”) have been disclosed in this ESG Report.

- **Balance**
  This ESG Report is prepared with a view to providing an unbiased picture of the Group’s performance, with the avoidance of selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

- **Consistency**
  Unless it is stated in this ESG report, otherwise the methodologies used in this ESG Report are consistent with those in the report for the preceding year. Apart from the incorporation of information in this ESG Report to comply with the latest Listing Rules, there is no material change in this ESG Report when compared with that for the preceding year.

The Group has complied with all “comply or explain” provisions set out in the ESG Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's internal management systems. This ESG Report is prepared and published in both English and Chinese at the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.mainsuccess.cn). In the event of contradiction or inconsistency between the English version and the Chinese version, the English version shall prevail.

Review and Approval

The Board acknowledges its responsibility for ensuring the integrity of this ESG Report and to the best of their knowledge, this ESG Report addresses all relevant material issues and fairly presents the ESG performance of the Company. This ESG Report was reviewed and approved by the Board on 25 March 2025.

MISSION AND VISION

The Group is committed to the production of plastic bottles and baby feeding accessories that are in line with international industry standards. The Group believes that, while promoting business development, the Group must also take into account the interests of different stakeholders. Therefore, as a responsible company, corporate social responsibility is closely related to the business decisions of the Group.

BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE

The Group understands the importance of sustainable development and has committed to integrating ESG factors into its operations, creating sustainable value for stakeholders and fulfilling its responsibilities as a corporate citizen. Under the Board's oversight of ESG issues, the Board has delegated the day-to-day responsibility of ESG implementation to the ESG Working Group (the "**Working Group**"). The Working Group is composed of senior management and core members from different departments of the Group and is responsible for facilitating the adoption of ESG strategies and policies throughout the Group. The Working Group is also responsible for communicating with stakeholders. The Group engaged its stakeholders on an on-going basis to collect their views and expectations on its ESG performance and reporting. As an important part of corporate government, ESG is integrated into the Company's overall governance system and risk management. During the Reporting Period, the Group continued to maintain a high standard in governance. The Group strictly operated in accordance with laws and regulations, improved the governance structure in accordance with the current company status, and clarified the scope of duties and working procedures.

The Board is responsible for improving the Company's governance system, formulating overall strategic plans, setting long-term performance and management objectives, evaluating business performance, supervising management performance and identifying risks to maintain a high governance level.

Under a systematic ESG management approach, the Board takes the lead on and has the full responsibility for ESG strategy and reporting, as well as being responsible for coordinating, assessing and determining the suitability and effectiveness of the Group's risk management for ESG. The Board reviews and evaluates the Group's ESG performance, goals and targets on a regular basis and the annual ESG report will then be examined and approved by the Board.

STAKEHOLDER ENGAGEMENT

For the year ended 31 December 2024, the Group communicated with key stakeholders through various channels in order to understand their different expectations and identify the most material aspects which require comparatively higher emphasis for reporting in this ESG Report. While higher priority is given to the most material aspects, the Group will continue to monitor and report the other aspects in its ESG Report in order to enhance corporate transparency.

The table below presents the communication methods between the Group and the key stakeholders.

Stakeholder Groups	Communication Channels
Government	• Annual reports, interim reports, ESG reports and other public information
Shareholders and investors	• Annual general meetings and other general meetings of shareholders • Company website • Press releases or announcements • Annual reports, interim reports, ESG reports and other public information
Employees	• Training • Meetings • Performance evaluation • Employee activities
Customers	• Fax, email and customer service hotline • Product and service feedback
Suppliers	• Annual audits • Meetings • On-site inspections

MATERIALITY ASSESSMENT

The Group emphasises the participation of its stakeholders, including shareholders of the Company, staff, customers, suppliers, etc. All of them have a substantial impact on the success of the Group's business activities.

During the Reporting Period, the Group assessed a number of environmental, social and operational related issues and continuously assessed the importance that stakeholders and the Group attached to such issues through various channels. These assessments help the Group to ensure that its business development meets the expectations and requirements of stakeholders.

Materiality Process

Stage 1 Identification

- A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including listing rules requirement, industry trends and internal policies. 21 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 Prioritisation

- A survey was conducted to rate the importance of each ESG issue from the perspective of a stakeholder group and the Group using a scale of 1 to 5.
- Developed the materiality matrix based on the scores of the survey and prioritised a list of ESG issues.

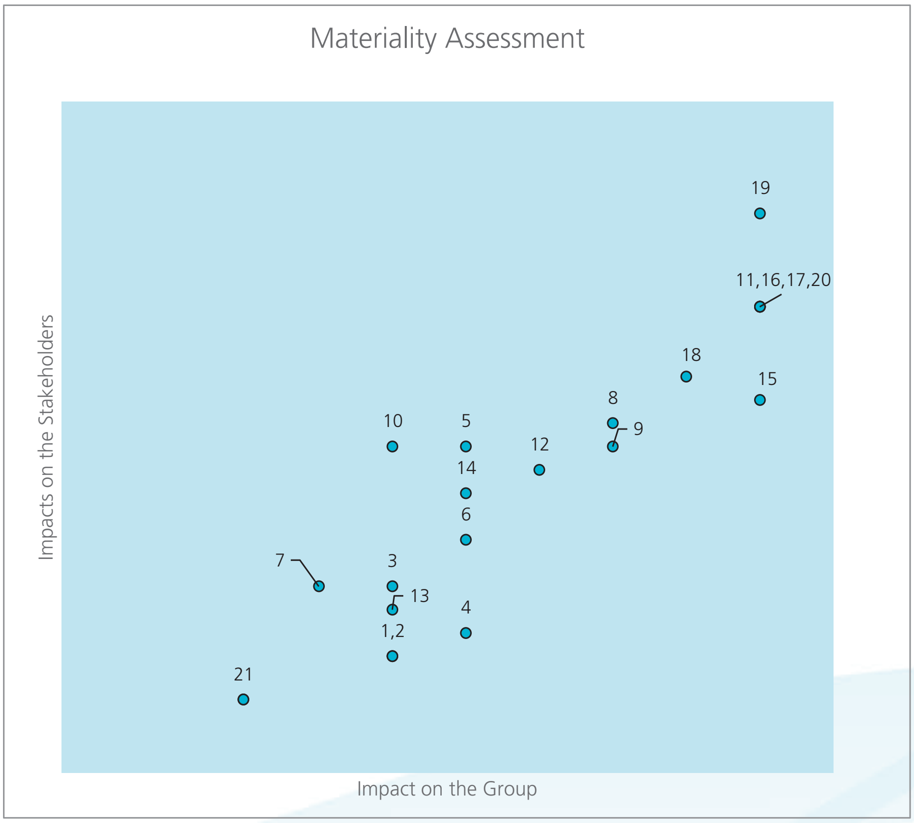
Stage 3 Validation

- Management reviewed the materiality matrix and identified the most pertinent ESG issues according to the score from the perspective of a stakeholder group and the Group.

Materiality Matrix

Based on the materiality matrix, the Group believes that the most pertinent sustainability issues which are material to both the Group and its stakeholders include the following:

- Employment practices
- Diversity and Equal opportunities
- Occupational health and safety
- Advertisement and labelling
- Customers' privacy and confidentiality
- Customer satisfaction
- Intellectual property
- Product safety and quality
- Anti-corruption



1 Air emissions
2 Effluent and waste
3 Energy efficiency
4 Water efficiency
5 Use of raw materials
6 Environment and natural resources
7 Climate change
8 Employment practices
9 Diversity and equal opportunities
10 Anti-discrimination
11 Occupational health and safety of staff
12 Development and training of staff
13 Prohibition of child labour and forced labour
14 Supply chain management
15 Advertisement and labelling
16 Customers' privacy and confidentiality
17 Customer satisfaction
18 Intellectual property
19 Product safety and quality
20 Anti-corruption
21 Community investment

OUR ENVIRONMENT

Sustainability Overview and Management Objectives

The Group actively manages its business in an environmentally and socially responsible manner. All supervisors of the production base and the executives of the office are responsible for overseeing the implementation status of relevant environmental practices and measures. Under strict inspections and instructions, the Group believes that each department can achieve its best green practice and ensure all business processes are in compliance with legal requirements. The Group will continue to review and enhance its policies and practices, report to management if appropriate and suggest suitable measures when necessary.

In addition, the Group advocates energy saving and carbon reduction, and achieves sustainable operations. The Group is developing its long-term reduction targets. In short term, the Group targets to maintain or reduce the intensity of emission, waste production and resources consumption level (including energy use efficiency and water efficiency) as compared with the preceding year.

Practices Relating to Environmental Protection

To strengthen the Group's environmental protection management, the Group has various channels to remind staffs about different resources-saving measures. They include posting electricity and water saving notices, with a view to mitigating the adverse impacts on the environment while operating the businesses of the Group.

We have put up memos and reminders on the noticeboards and next to the switches to remind staff about energy and water conservation. The Group aims to raise employees' environmental protection awareness and promote a "green office" atmosphere.

Also, the injection molding machines the Group are using have achieved the top level of energy-saving standards, which could reduce electricity consumption by up to 50%. With a view to mitigating the adverse impacts on the environment while operating its businesses, the Group will continue to look for advanced machinery and techniques, so as to achieve green manufacturing.

Environmental Compliance

During the Reporting Period, the Group has complied with the following laws and regulations, including but not limited to:

- Environmental Protection Law of the PRC (《中華人民共和國環境保護法》);
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》);
- Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》);
- Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》); and
- Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》).

During the Reporting Period, to the best of the Directors' knowledge, the Group was not aware of any significant non-compliance issues relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. To avoid any occurrences of non-compliance in the future, the Group will continue to uphold and enhance its environmental awareness.

Emissions

The principal sources of emission are generated from the consumption of unleaded petrol from vehicles and the manufacturing process, where the major pollutants produced include nitrogen oxides, sulphur oxides and particulate matters. The Group has implemented measures on air emissions to control the pollution generated.

The Group's air pollutant emission data in the Reporting Period are presented in the following table:

Air Pollutant Emissions[1, 2]	Unit	2024	2023
Nitrogen oxides (NOx)	kg	**60.76**	55.50
Sulphur oxides (SOx)	kg	**8.23**	7.75
Particular matter (PM)	kg	**3.44**	3.12

Due to the increase in vehicle travel distance and fuel usage by 16% and 9% respectively, there was an increase in total air pollutant emission. The Group will continue to monitor the amount of air pollutants to ensure their compliance with relevant standards, and look forward to achieving better environmental performance in the coming years.

Greenhouse Gas ("GHGs") Emissions

In response to the community's growing concerns on GHG emissions, climate change, and other related issues, the Group is committed to implementing and maintaining a high standard of GHG management. Initiatives to reduce energy consumption and resource conservation will be detailed in the section headed "Use of Resources". The Group will continue to review relevant practices in a timely manner to ensure that our business continues to scale and grow with minimal impact on the environment. The below table sets forth the key statistics relating to GHG emissions of the Group.

Greenhouse Gas Emission[3]	Unit	2024	2023[4]
Scope 1[5]	tonnes of CO_2 equivalent	**117**	106
Scope 2[6]	tonnes of CO_2 equivalent	**2,925**	2,865
Scope 3[7]	tonnes of CO_2 equivalent	**581**	341
Carbon offset	tonnes of CO_2 equivalent	**(23)**	(23)
Total GHG emission	**tonnes of CO_2 equivalent**	**3,599**	3,289
GHG emission per million HKD revenue	**tonnes of CO_2 equivalent/million HKD revenue[8]**	**8.55**	14.06

1 The calculation is based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange, and "Technical Guidelines for Compiling the Air Pollutant Inventory of Road Mobile Vehicles (Trial)" (「道路機動車大氣污染物排放清單編製技術指南（試行）」) issued by Ministry of Environmental Protection of the PRC.

2 For 2024, NOx, SOx and PM emissions for stationary manufacturing process were 16.88 kg, 3.27 kg and 1.21 kg respectively, presenting an 13% increase in NOx emissions and 38% increase in SOx and PM emissions compared to 2023.

3 The calculation of greenhouse gas emissions refers to the "How to Prepare an ESG Reports? Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, "General Guideline of the Greenhouse Gas Emissions Accounting Method and Reporting of Other Industrial Enterprises" (《工業其他行業企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission and the "Electricity Carbon Dioxide Baseline Emission Factor《電力二氧化碳排放因子》" issued by the Ministry of Ecology and Environment of the PRC. The table is rearranged to refine the report presentation. Figures are presented correspondingly.

4 Figure has been restated due to an update in reference source.

5 Scope 1：Direct emission from the business operations owned or controlled by the Group

6 Scope 2: The "indirect energy" emissions from the internal purchased electricity consumption by the Group.

7 Scope 3: It refers to all other indirect greenhouse gas emissions that occur outside the company, including both upstream and downstream emissions, such as business travel and use of plastic bags for packing.

8 The Group's revenue in the Reporting Period and in 2023 were about HKD421.1 million and 234.0 million respectively.

Scope 1 emission from fossil fuel consumption in operations contributed an insignificant amount of total emission and included diesel and petrol consumption of our equipment and vehicles. Purchased electricity (Scope 2) is the main source of GHG emissions, accounting for approximately 81% of total GHG emissions. In comparison to 2023, increase in electricity consumption for manufacturing was contributed by an increase in revenue hence production volume, the total GHG emission increased by approximately 9% as a result. On the other hand, the reduction in GHG emission intensity was mainly due to the percentage increase in production volume being higher than that of GHG associated emissions.

Waste Management

With reference to the "National Hazardous Waste List" (《國家危險廢物名單》) attached in the Prevention and Control of Solid Waste Pollution Law of the PRC (《中華人民共和國固體廢物污染環境防治法》), the hazardous waste of the Group mainly includes waste empty barrels, waste rags, waste inks, waste developer, waste activated carbon and waste solvent. The Group arranges qualified contractors to collect and handle all of these hazardous wastes. The non-hazardous waste of the Group primarily includes waste offcuts and used cartons from the production workshop and their disposal does not require specific prior treatment. During the Reporting Period, all waste of the Group was disposed of in accordance with the applicable rules and requirements.

The Group's hazardous and non-hazardous waste data in the Reporting Period are listed in the following table:

Wastes Production	Unit	2024	2023
Hazardous waste[9]	kg	**19,563**	15,969
Non-hazardous waste[10]	kg	**286,614**	200,383
Hazardous waste generated per million HKD revenue	**kg/million HKD revenue[8]**	**46**	68
Non-hazardous waste generated per million HKD revenue	**kg/million HKD revenue[8]**	**681**	856

In making comparison to 2023, both the total hazardous and non-hazardous waste disposed increased by approximately 23% and 43% respectively, as revenue and headcount increased. Looking ahead, the Group will continue to revise its wastes reduction measures.

The Group continues to closely monitor and manage its environmental efforts and minimise the environmental impact caused from its operations, including through the reduction of air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group will take the necessary measures to enhance its environmental protection efforts and continue to observe all applicable laws, guidelines and regulations.

Wastewater Management

In general, wastewater is generated from two sources, which are (i) domestic wastewater generated by daily activities; and (ii) industrial wastewater generated through the product manufacturing processes. Due to the nature of plastic product production, the manufacturing processes of the Group does not generate much wastewater, which the wastewater generated by the Group primarily constitutes domestic wastewater. The Group processes its wastewater with the facility before discharging to the public pipe to ensure compliance with emissions standards.

9 Hazardous waste includes waste empty barrels, waste rags, waste inks, waste developer and waste activated carbon.

10 Non-hazardous waste includes waste offcuts and domestic waste.

The wastewater data are listed in the following table:

Wastewater Discharge	Unit	2024	2023
Wastewater	tonnes	**55,509**	49,818
Wastewater per unit of production	tonnes/unit of production[11]	**0.0030**	0.0036

Compared with 2023, the total amount of wastewater discharge increased approximately 11% while its intensity decreased during the Reporting Period, as the productivity increased.

Use of Resources

Policies

The Group emphasises the importance of efficient resources consumption and continuously aims at streamlining its operations to develop an energy-efficient culture. The Group is committed to formulating and implementing energy saving policies to achieve its emission reduction targets. In particular, the Group (i) regularly reviews its various energy consumption targets and the energy saving indicators of the industries; and (ii) promotes energy and resource saving and also emission and waste reduction at the same time, with a view to improving the efficiency of energy and resource usage.

The production base of the Group adopts the "7S" management framework, namely "Seiri", "Seiton", "Seiso", "Seiketsu", "Shitsuke", "Safety" and "Save". In order to save energy costs, the Group has adopted measures to deal with the usage of electricity, water, liquefied gas and paper in day-to-day production.

The Group advocates energy saving by requiring its employees to switch off electricity and water tap when they are not in use. The Group carries out measures to categorise and recycle waste and, before recycling, the Group considers the reuse value of the wastes and take appropriate measures to reduce the amount of the wastes sent to landfills. The Group has also, among other measures, switched to the use of LED lights at workshops and adopted the use of low-consumption motor in injection moulding machines. Measures have been posted on the staff noticeboard to enhance employees' environmental awareness.

During the Reporting Period, a subsidiary of the Company that operates the Group's manufacturing base was accredited a certificate from the International Sustainability and Carbon Certification ("**ISCC**"), which is a globally applicable sustainability certification system, covering a variety of sustainable raw materials, including: recycled and bio-based materials and renewable materials, etc. It demonstrates the Group's dedication to integrating sustainable development into business operation and products development.

Apart from its production base, the Group has implemented "Environmental Protection Office Management" at its office, including the use of electronic files instead of printing to reduce paper usage, the use of natural lighting design or LED lighting and the use of air energy heat pump which are more environmentally friendly.

[11] Unit of production in the Reporting Period and in 2023 were about 18,395,308 and 13,653,142 respectively.

The Group has formulated a variety of environmentally friendly measures, and at the same time, the Group is making every effort to conserve energy and reduce emissions, so as to manage and reduce pollutant discharge. The Group's measures primarily address the following issues:

1. Purchasing energy-saving devices for both workplaces and production base, including but not limited to procuring energy-efficient products with "Grade 1" energy label at office, in order to save electricity consumption;
2. Working with customers and business partners to prioritize selecting environmentally friendly raw materials and packaging; therefore, reduce the environmental impacts in the manufacturing process;
3. Raising awareness among employees of the need to preserve water and save electricity by posting notices to remind them to switch off lights, computers, air conditioners and other electronic appliances during non-office hours in order to reduce consumption;
4. Double-sided printing and copying are encouraged, to reduce paper consumption;
5. Using video or telephone conferencing system to communicate with customers and overseas colleagues is preferred, so as to reduce the use of public or private transportation systems;
6. Collaborating with qualified recycling companies to handle all hazardous and non-hazardous wastes generated by the Group; and
7. Adhering to the ESG standards required under the ISCC.

Energy Management

Electricity is necessary for the offices' operation and production facilities and is the main source of energy of the Group. The Group has adopted policies to promote conservative energy uses. With the aforementioned policies, the usage of electricity in our production facility is continuously monitored and there are clear guidelines on the operating hours and energy-saving measures in respect of electrical appliances such as office equipment, lighting, and air conditioning facilities in the public area. Relevant performances are discussed in the regular meeting, and supervisors of the production base are responsible for checking the conditions of lighting, fans and air-conditioning, so as to reduce unnecessary wastage.

The Group's energy utilisation data[12] are listed in the following table:

Energy Consumption	Unit	2024	2023
Direct energy consumption			
Consumption of gasoline	kWh	253,726	227,084
Consumption of diesel	kWh	187,456	164,721
Consumption of liquified petroleum gas	kWh	13,939	23,696
Renewable energy consumption	kWh	1,754,642	910,294
Total direct energy consumption	kWh	2,209,762	1,325,795
Direct energy consumption per unit of production	kWh/unit of production[11]	0.1201	0.0971
Indirect energy consumption (Purchased electricity)	kWh	6,762,274	6,624,541
Indirect energy consumption per unit of production	kWh/unit of production[11]	0.37	0.49
Total energy consumption	kWh	8,972,036	7,950,336
Total energy consumption per unit of production	kWh/unit of production[11]	0.49	0.58

[12] The table is rearranged to refine the report presentation. Figures are presented correspondingly.

Total energy consumption increased by approximately 12.9% during the Reporting Period, while the intensity decreased by approximately 16.2%, compared to the data in 2023, the intensity decreased because the increased rate of productivity was larger than the rate of energy consumed.

The Group also utilized renewable energy and purchased solar panels at its production base. During the Reporting Period, the Group generated 1,754,642 kWh of electricity by solar power. We will strive to continuously reduce electricity consumption with its related greenhouse gas and air pollutant emissions caused by power generation.

Water Management

The Group has a stable fresh water supply by well water. The Group was not aware of any issues in sourcing water that was fit for purpose during the Reporting Period. The Group has taken measures to control water consumption and considers its water consumption level to be at a reasonable level. The water consumption data are listed in the following table:

Resources Consumption	Unit	2024	2023
Consumption of water	tonnes	**69,386**	62,272
Consumption of water per unit of production	kg/ unit of production[11]	**3.77**	4.56

The total water consumption increased by approximately 11.4%, while its intensity decreased by about 17.3% during the Reporting Period compared to data in 2023, as the productivity and headcount increased. The drop in intensity was because the rate of increase in production unit was greater than that of the total water consumption.

Material Consumption

The Group endeavours to purchase more environmentally friendly products and prioritises the use of recycled, renewable and bio-based raw and auxiliary materials to achieve the principle of material utilisation. The Group mainly uses paper boxes as packaging materials. The Group's consumption of packaging materials in the Reporting Period are presented in the following table:

Packaging Materials	Unit	2024	2023
Packaging material used	tonnes	**1,544**	1,062
Total Packing Material Consumption Intensity	kg/unit of production[11]	**0.08**	0.08

Total material consumed for packaging increased in the Reporting Period compared to data in 2023. It was due to the increase in production volume.

The Environment and Natural Resources

In general, the Group's daily operations which may have an impact on the environment primarily include production process and vehicles emissions. The Group strives to reduce its negative impacts on the environment by improving operational efficiency and introducing automated equipment. To develop a better and greener environment, the Group supervises the production process and reviews every step, from injection moulding to packaging, where the Group constantly optimises the production process, reduce the consumption of water, electricity, fuel and other resources and limit or stop the use of materials that are harmful to the environment.

The Group's policy on emissions is in line with the environmental standards for emissions under national and local laws and regulations. The emissions are mainly VOCs, which would go through UV photolysis and activated carbon suction treatment, in order to meet the emission regulations and standards. Looking ahead, the Group will continue to invest in different techniques and contribute to environmental protection and climate change mitigation.

Climate Change

Climate change has become a highly concerned topic in the global market as it is associated with the long-term sustainability of an organisation. During the risk assessment process in the Reporting Period, climate physical risk and effectiveness of disaster recovery plan were identified as material ESG risks. In order to prepare the Group for unforeseeable climate-related disasters, such as hurricane, and extreme weather, a business contingency plan has been established to outline the identified major climate-related risks faced by the Group, the critical business functions that will be affected in identified climate-related disaster, emergency preparedness for disaster event, recommended immediate responses and recovery plans for critical operations. It is expected that implementation of the plan can reduce the disruptions to operation and supply chain under climate-related events.

In addition, the Group recognises the potential impact to the building premises and ensures its insurance covers fire incidents, third party injuries within office and factory, staff injury during the course of business, and transit loss or damage during shipment of finished goods from manufacturers. The mitigation measures are reviewed timely to prevent major loss.

Another anticipated climate-related risk lies in the potential change in governmental policies and regulations due to the increasing global concern on the climate change issues. The operational and legal teams of the Group regularly review and monitor business practices and processes to ensure the compliance of the Group. External consultancy services will also be pursued when necessary.

Over the years, the Group has been seizing different opportunities to expand the business, accelerate transformation and make the Group smarter and greener, safer for its employees and product users (e.g. automation, use of more online meeting e-platforms to reduce carbon emissions from transportation). These measures increase the sustainability of the production facilities and fulfill the commitments of the Group regarding resource management and environmental protection.

OUR PEOPLE

Policies

The “Employees’ Handbook” (員工手冊) sets out the terms, guidelines, and arrangements on remuneration, dismissal, recruitment, promotion, working hours, rest periods, leaves, occupational health and safety, insurance benefits, labour discipline, diversity, equal opportunities, anti-discrimination, other benefits and welfare and other vital interests of the employees.

The Group is committed to creating a fair and non-discriminatory working environment for its employees. The Group protects its employees from any discrimination in relation to gender, ethnicity, religion, age, disability, marital and family status or any other kind of discrimination or being deprived of any benefit.

The Group aims to attract, motivate or retain outstanding talents to support the long-term and stable development of the Group. To achieve such goal, the Group has fixed, among others, the welfare and benefits of the employees including basic salary, discretionary bonus, other monetary, non-monetary incentive mechanism, mandatory provident fund, social insurance, housing provident fund and statutory leaves in accordance with the requirement of applicable laws and regulations. The Group also provides dormitory residence to employees from other provinces or places.

Compliance Information

The Group strictly abides by the following laws and regulations, including but not limited to:

- Labour Law of the PRC (《中華人民共和國勞動法》);
- Labour Contract Law of the PRC (《中華人民共和國勞動合同法》);
- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong); and
- International Toy Industry Council Code of Business Conduct (ICTI care).

The administration department and supervisors at each level are responsible for overseeing the compliance with the relevant laws and regulations and, in the event of any misconduct, they will report to the senior management, who will then address them. During the Reporting Period, the Group was not aware of any material non-compliance relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Employment Management

Recruitment and Dismissal

The Group recruits its employees based on a number of factors, such as work experience, academic level, and skillset. The dismissal procedure strictly follows the related laws and regulations of the local governments. Either the Group or an employee giving the appropriate period of notice in writing or payment in lieu can bring about the termination of employment. Also, in situations where an employee violates the Group's regulations or consistently performs his or her duties below an acceptable level, the administration department will, subject to the requirements of the local regulation, terminate his or her employment contract. Terms and conditions relating to dismissal are enumerated in the employment contract. The Group consults the management team and seeks legal advices, where necessary, to ensure such dismissal is in compliance with applicable labour laws.

Promotion

The Group is committed to providing career development opportunities for its employees. The Group provides sufficient internal promotion opportunities to recognise outstanding staff. The Group adopts an open-door communication policy and carries out an annual appraisal with the employees of their performance, during which process each employee is given equal opportunity for promotion. The Group's employees are provided with a clear career path with opportunities for additional responsibilities and promotions.

Diversity, Equal Opportunities and Anti-discrimination

The Group is dedicated to creating a fair, discrimination-free working environment for the employees. The Group embraces diversity and protects employees from any discrimination in relation to gender, disability, pregnancy, marital and family status, racial background, religious belief, age, sexual orientation or any other kind of discrimination, or being deprived of any benefits. If any employee of the Group encounters discrimination, such employee is encouraged to immediately report to the management team of the Group.

Employee Retention

Remuneration and Compensation

In general, the Group provides a market-competitive remuneration system. With regards to the nature of the work, seniority, operating conditions, market conditions, job performance and employees' career planning, the Group formulates reasonable remuneration and benefit for its employees and strictly abides by the laws and regulations relating to minimum wage and statutory benefits.

To attract and retain talents, the Group offers competitive remuneration packages and various benefits, including basic remuneration, discretionary bonuses and other monetary and non-pecuniary incentives, mandatory provident fund, social security, housing provident fund and statutory holidays. The Group also provides dormitory residence to employees from other provinces or places.

Working Hours and Rest Periods

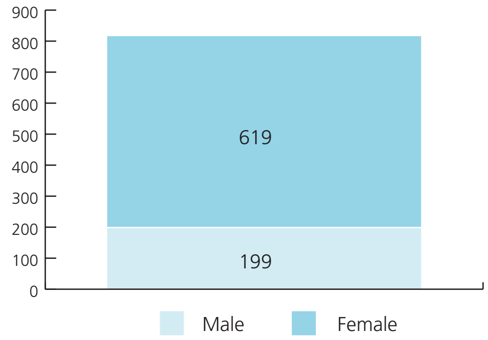
The Group believes its employees should maintain healthy work life balance and takes into account the working hours and rest periods of its employees. Employees are entitled to public or statutory holidays each year, as well as reasonable working hours and rest periods. In addition to those holidays, employees are entitled to annual leave, sick leave, maternity leave, marriage leave and bereavement leave, etc.

The Group organises, and encourages its employees to participate in, various activities to promote communication among employees in order to better understand their needs and improve their corporate values, sense of identity, code of practice and sense of belonging.

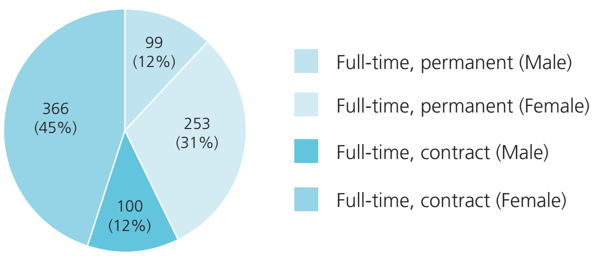
Employee Profile

As at 31 December 2024, the Group has employed a total of 818 employees. The number of employees and turnover figures by gender, age group, employment type, level and geographical region are illustrated in the diagrams below.

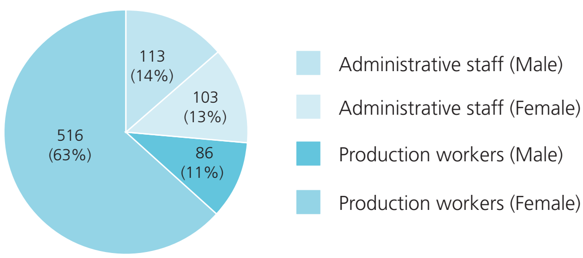
By Gender



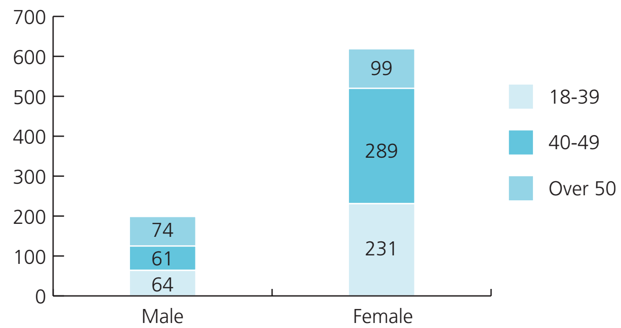
By Employment Type



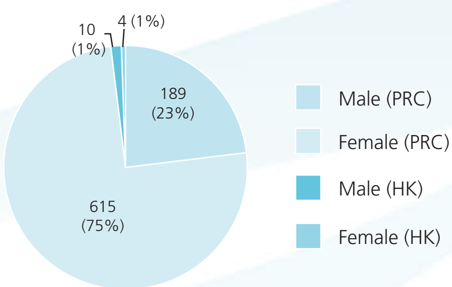
By Position



By Age



By Geographical Location



Employee Turnover Rate[13]	2024
Overall Number (Turnover Rate)	**28%**
By Gender	
Male	**28%**
Female	**28%**
By Age Group	
18–39	**51%**
40–49	**16%**
50–65	**14%**
By Geographical Region	
The PRC	**29%**
Hong Kong	**7%**

Health and Safety

Policies

The health and safety of our employees is one of the Group's core values. The Group is committed to providing a safe working environment for our employees. In order to maintain a safe working environment and reduce work-related accidents, the Group has formulated internal policies on safety management, identifies potential safety risks and enhances safety monitoring for every production step.

The Group has adopted the "Safety Production Management System" (安全生產管理制度), the "Manufacturing Safety Accident Emergency Plan" and the "Emergency Plan for Environmental Emergencies". For special process, operators are equipped with safety protection supplies. All new employees shall undergo safety training and pass a test before onboarding. Employees must be qualified after training and before officially commencing works. Meanwhile, the Group arranges health and safety training for and provides relevant information to its employees, including fire prevention seminars, first-aid and fire extinguishers handling in order to raise their safety awareness. Moreover, the Group arranges fire drill, and provides annual body check for certain employees. In case of significant work safety risks and accidents, employees should report to the management for necessary improvement measures.

Safety Performance

The Group also monitors its occupational health and safety measures through reviewing the number of injuries.

The number of lost-days due to work injury during the Reporting Period and of the previous years are listed below.

	2024	2023	2022
Number of work-related injuries	**3**	2	3
Number of lost working days	**355**	96	98

13 Turnover rate = number of employees in the specified category leaving employment/number of employees in the specified category at the end of the Reporting Period.

Apart from the aforementioned non-fatal injuries, the Group did not have any work-related fatalities due to major occupational incidents during the Reporting Period and also the two years before the Reporting Period.

Massive operations of machineries are involved in the Group's production base. Therefore, the Group endeavours to maintain sound safety management and to comply with all relevant laws and regulations.

Compliance Information

The Group is committed to providing all necessary resources for the effective implementation of safety management system and continuously improve its occupational health and safety performance, to minimise and eliminate potential accidents at the workplace. According to the laws and regulations, our operations are subject to certain safety and health requirements, including but not limited to:

- Labour Law of the PRC (《中華人民共和國勞動法》);
- Labour Contract Law of the PRC (《中華人民共和國勞動合同法》);
- Fire Prevention Law of PRC (《中華人民共和國消防法》);
- Production Safety Law of the PRC (《中華人民共和國安全生產法》);
- Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》); and
- Regulations on Safety Production of Guangdong Province (《廣東省安全生產條例》).

To the best of the Directors' knowledge and belief, the Group complied with local labour laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards in all material respects during the Reporting Period. Looking ahead, the Group will continue to improve our safety management system. The Group will continue to update and review its safety and health policies and its safety objectives to enhance the safety awareness of its frontline workers. Effective safety training and communication will be promoted through more meetings and discussions on inspection and evaluation for improvement.

Training and Development

Policies

The Group actively attracts and nurtures talent, introduces management talent and professionals, and optimises human resources structure in accordance with the business development needs and direction of the Group. Meanwhile, the Group places importance on the nurturance of its own talent and promotion of studying culture. The Group aspires to enhance quality of its employees through training programs, with a view to help their career growth in the long run. The Group offers internal promotion opportunities to employees with outstanding work performance and potential. The Group also promotes open communication and encourages employees of different ranks to express their views and suggestions through various channels, where the Group can better understand their work condition, career development goals and the effectiveness of the development and training programs, so that the Group can take necessary improvement measures and deploy employees to suitable positions, allowing them to deliver their best, gain satisfaction and grow with the Group.

During the Reporting Period, the Group had provided its employees with different types of training according to their job nature, including but not limited to machinery operation, professional seminars and training on work environment management. For specific work processes, relevant employees should acquire the necessary professional qualifications, such as electricians, forklift workers and welders. The Group coordinates annual examination for employees who are required to hold certain certificates or qualification according to the requirements from professional organisations or laws. The Group also arranges its directors to attend external seminars and training by legal advisor as well as providing online learning information to help them to keep updated of latest Listing Rules and relevant laws regularly, so as to increase their corporate governance knowledge.

As at 31 December 2024, the number of trained employees and percentage by gender and level are illustrated in the table below.

		2024
Percentage of employees received training[14]	**Overall**	**89%**
	By Gender	
	Male	**83%**
	Female	**91%**
	By Level	
	Senior management	**100%**
	General staff	**89%**
Average number of training hours completed[15]	**Overall**	**41.59**
	By Gender	
	Male	**39.11**
	Female	**42.35**
	By Level	
	Senior management	**11.45**
	General staff	**42.04**

Prohibition of Child and Forced Labour

The Group spares no effort to be a responsible employer and the Group is committed to good employment practices and the promotion of ethics and human rights in the workplace. The Group only employs legitimate employees and does not employ anyone who does not meet the minimum working age required by applicable laws and regulations. During the recruitment process, recruiters scrutinise the various documents of applicants to ensure their authenticity in order to prevent any child labour among the Group's employees.

All recruitment processes and promotion activities are strictly monitored in accordance with the Group's human resources management system. The Group reviews its employment practices (such as ensuring the enforcement of the checking of the age of the candidates) to avoid child and forced labour.

[14] Percentage of employees received training = Average number of employees received training during the Reporting Period/Average number of employees during the Reporting Period.

[15] Average number of training hours completed = Total training hours during the Reporting Period/Average number of employees received training during the Reporting Period.

All employment contracts are signed in accordance with the laws, which clearly set out the job descriptions and obligations, so there is no forced labour. The Group would also strictly supervise the behaviour of all directors, senior executives and employees at all levels. The Group has zero-tolerance towards punitive management methods and behaviours such as verbal abuse, physical punishment, violence, and mental oppression against employees for any reason. In addition, the Group has clearly stated the process of resignation and termination of employment in the internal policies in order to protect the rights of the Group and employees and further eliminate the possibility of forced labour. The human resources department regularly reviews employment practices to prevent the possibility of child labour and forced labour. The Group encourages employees to report any misconduct. In case of any suspected or discovered non-compliance, the Group would promptly conduct investigation, where the management would then review the investigation report and take appropriate actions, where necessary. In more serious cases, the Group would seek legal advice and take appropriate legal action.

The Group strictly complies with laws and regulations related to the prevention of child labour or forced labour in all material aspects, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), Provisions on the Prohibition of Using Child Labour (《中華人民共和國禁止使用童工規定》), the Labour Protection Supervision Regulations of the State Council of the PRC (《勞動保障監察條例》), and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any significant non-compliance cases relating to child labour and forced labour. During the Reporting Period, the Group was not aware of any significant non-compliance with laws and regulations relating to child labour and forced labour.

OUR SUPPLY CHAIN

Supply Chain Management

The Group is principally engaged in the production and sale of plastic bottles and baby feeding accessories. The Group maintains dozens of major suppliers and most of them are located in the PRC.

The Group endeavours to maintain an appropriate supply chain that takes into account the related environmental and social risks. As the Group's production base and major suppliers are located in the PRC, the Group can reduce transportation costs by procuring from local suppliers. Meanwhile, the Group also stresses the importance of integrity of its suppliers and business partners besides putting costs, product quality and track records into consideration. In respect of practices relating to engaging suppliers, the Group only source from the suppliers and business partners with a proven business record and no serious law violation or violation of business ethics. Such practice applies to all of the suppliers of the Group.

In addition, the Group offers its suppliers with fair and reasonable terms and does not exploit its suppliers in any form. The procurement department of the Group selects qualified suppliers through comparing the suppliers' quality performance, after-sales service, shipping and delivery and price. For the supply of important materials, the procurement department selects several qualified suppliers to choose from. In respect of the practices used to identify environmental and social risks along the supply chain and to promote environmentally preferable products and services, the Group assesses its suppliers and examines whether they have fulfilled the relevant product responsibilities, including environmental and social aspects, and the product nature, such as the types of plastic resin and their environmental impacts.

The Group complies with the Disney manufacturer's code of conduct and selects and engages those authorised subcontractors and suppliers to manufacture Disney goods or their components only after the subcontractors and suppliers have been reviewed and qualified by Disney.

Suppliers Engagement

The Group attaches great importance to the collaboration with suppliers and believes deeply that the establishment of a cooperative relationship with suppliers would enhance the Group's workflow and product quality. Thus, the Group has procedures in place for conducting supplier evaluations for new suppliers, and screening and reviewing potential and approved suppliers from time to time. The policy specifies the objective to achieve a fair, transparent and competitive procurement process, which requires all employees to observe the highest standards of business integrity and to comply with relevant laws and regulations. The Group also compares deals when looking for new suppliers. In the process of selecting suppliers, the procurement department takes the lead and takes into account relevant factors including brand and product quality, after-sales service, and shipping and delivery and price. Suppliers' environmental and social responsibility performance is one of the considerations as well.

Supplier Profile

During the Reporting Period, the Group is principally engaged in the production and sale of plastic bottles and baby feeding accessories. The Group maintains dozens of major suppliers and most of them are located in Hong Kong and the PRC. The number of suppliers of operations by geographical region are illustrated in the table below.

Region	**Number of Suppliers**
The PRC	94
Hong Kong	61
Total	155

Supplier Control and Monitoring

Only suppliers who meet the Group's selection criteria can be its approved suppliers. In order to ensure that the Group's suppliers' delivery quality and timeliness can continue to meet the Group's requirements, the Group strengthens the daily management of suppliers. The procurement department is responsible for evaluating the suppliers based on factors such as (i) sufficiency of the plant; (ii) sufficiency of manpower; (iii) progress; (iv) workmanship; (v) response to instructions; (vi) financial status; (vii) environmental and social performance and (viii) planning and management. Comments and remarks are given if any improper practices and unsatisfying performance is observed for further improvement.

OUR CUSTOMER

Product Quality

The Group believes that providing high quality products and services are the keys to the success of the Group. Therefore, an effective quality control system is of paramount importance for its customers. The Group's quality policy aims at "continuous improvement in product quality to ensure customer satisfaction". The Group always ensures its products are safe and reliable, in view of, in particular, a significant portion of the products of the Group targets babies, toddlers and infants.

The Group adopted a stringent quality and management control system which oversees the entire treatment and production process as in order to ensure the quality of its products is up to standard. In respect of quality assurance, the Group has its own in-house testing laboratory with a team of quality control expertise to perform a wide range of physical tests, such as drop tests, bite tests, dishwasher tests, sterilisation tests, coating adhesiveness tests and torsion/tension tests, aging tests, high and low temperature environment tests and delivery tests, to ensure the quality of products. The Group also engages external laboratories to conduct chemical tests. The Group monitors manufacturing procedures for each stage of work performed by us, to ensure its operations are carried out in a safe and timely manner, while satisfying the needs of its customers. The Group's products meet the quality and safety requirements of local and international standards.

Customer Services and Complaint Handling

The Group uses a variety of channels to communicate with its customers in order to get feedback and understand what its customers need. In order to provide employees with guidelines on handling complaints, the Group has policy and procedure in place for handling customer complaints and product recalls when necessary. If a customer complaint involving a product recall is received, according to the severity and impact of the problems involved in unqualified products, product withdrawal is divided into three categories: (i) related to product safety issues that are likely to cause serious or long-term adverse health consequences or death. In this product recall, all suspected products must be recalled from all sales distribution; (ii) related to unqualified products that may cause temporary or minor adverse effects on human health, and products need only be withdrawn from the sales market, not from consumers; and (iii) related to unqualified products that do not cause adverse consequences on human health and the management team would decide on actions that have to be taken on a case by case basis. The Group ensures that the complaint is properly followed up and strives to meet the customer's needs.

In addition, the Group reviews the whole service process according to customers' opinions and investigates customers' complaints in a timely manner, so as to improve customer service and quality production. During the Reporting Period, the Group did not have any product that was recalled due to safety and health reasons and the Group was not aware of any significant non-compliance with laws and regulations relating to health and safety. Also, the Group did not receive any material complaint related to our products and services during the Reporting Period.

Data Privacy Protection

From time to time, the business operations of the Group, particularly for the OEM Business, would involve confidential information of customers, such as intellectual properties related to design and manufacturing details; therefore, the Group requires its employees to carefully handle information provided by the customers, so as to protect their privacy and confidentiality from unnecessary losses. The Group requires relevant employees to sign the "Employee Confidentiality Agreement" and also requires relevant suppliers and subcontractors to sign the "Business Partner Confidentiality Agreement". Any employee who fails to comply with confidentiality obligations may result in disciplinary action, and in serious cases, will be regarded as serious misconduct.

During the Reporting Period, the Group did not encounter any problem with intellectual property rights.

The Group also carefully handles personal data and ensures such data are kept confidential.

During the Reporting Period, the Group was not aware of any significant non-compliance with laws and regulations relating to privacy matters.

Intellectual Property, Advertising and Labelling

The Group values intellectual property rights. Also, the Group engages in marketing and promotional campaigns from time to time. The Group ensures that any description of services and products by its sales representatives are not misleading and are in compliance with all applicable laws and standards enacted by the government and industry associations.

To the best knowledge of the Directors, during the Reporting Period, the Group was not aware of any significant non-compliance with laws and regulations relating to intellectual property, advertising and labelling. The Group will closely monitor the business environment to identify any significant risks in this regard.

BUSINESS ETHICS

Anti-corruption

The Group is committed to conducting its business with honesty and integrity by applying the highest standards and the Group has established a corporate governance framework that will seek to disclose appropriate information openly and transparently beyond legal requirements. The Group has established anti-fraud and anti-bribery policy and whistle-blowing policy, as well as provided relevant training to employees regularly. These policies and procedures are regularly reviewed and updated to ensure appropriate ethical business practices and behaviour as well as compliance with corporate and regulatory requirements. The Group has no tolerance towards any corruption, bribery, extortion, money-laundering and other forms of frauds.

Preventive Measures and Whistleblowing Procedures

The Group is committed to maintaining good corporate governance, emphasising accountability and a high degree of transparency which enable its stakeholders to have trust and faith in the Group to take care of their needs and to fulfil our social responsibility. In line with this commitment, the Group expects and encourages its employees and other parties who deal with the Group (e.g. customers, suppliers, etc.) to report any misconduct, malpractice or irregularity within the Group. The Group assures whistleblowers that the Group will provide them with protection from unfair disciplinary action or harm as a result of any genuine report. A report can be made to the Audit Committee directly.

To create a healthy corporate culture, during the Reporting Period, the Group provided trainings and seminars related to anti-corruption to its Directors and employees regularly and enhance their awareness against corruption and bribery as well any unfair competition activities. The Group organised Anti-corruption and Bribery Control Procedure Training during the Reporting Period.

Compliance information

The Group upholds the highest standard of corporate governance and adheres to the values of honesty and integrity as it is committed to creating an anti-corruption workplace. The Group strictly abides by the laws and regulations relating to bribery, extortion, fraud and money laundering in the regions of operations, including but not limited to:

- Company Law of Mainland China (《中華人民共和國公司法》);
- Criminal Law of the PRC (《中華人民共和國刑法》);
- Anti-Money Laundering Law of Mainland China (《中華人民共和國反洗錢法》);
- Ant Unfair Competition Law of Mainland China (《中華人民共和國反不正當競爭法》); and
- Prevention of Bribery Ordinance (Chapter 201 of Laws of Hong Kong S.A.R.).

During the Reporting Period, to the best of its Directors' knowledge, (i) the Group was not aware of any significant non-compliance with law and regulations in relation to bribery, extortion, fraud and money laundering; and (ii) the Group was not aware of any significant non-compliance cases or concluded legal cases regarding corrupt practices brought against the Group or its employees.

COMMUNITY

Community Investment

As a corporate citizen, the Group places importance on community engagement, giving back to society, promoting the spirit of corporate social responsibility within the Group and organizing or participating in appropriate community activities. Moreover, the Group tends to employ local staff for its production facilities to promote local employment.

The Group hopes to develop a sense of social responsibility in its employees by encouraging them to make a greater contribution to the community during their work and in their private time. Through relevant activities, the community awareness of the employees can be enhanced, thereby motivating them to care about and help people in need, and establish the right value set. The Group aims to increase its community investment as much as possible to create a more favourable environment for its community and business. The Group also considers making donations to charities from time to time when the Group records profits and has sufficient funds.

During the Reporting Period, the Group donated a total of approximately HK$32,000 for poverty alleviation.

ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Section/ Statement
A: Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Our Environment — Sustainability Overview and Management Objective, Practices Relating to Environmental Protection, Environmental Compliance
KPI A1.1	The types of emissions and respective emissions data	Our Environment — Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environment — Greenhouse Gas ("**GHG**") Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environment — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environment — Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Our Environment — Sustainability Overview and Management Objective
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Our Environment — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials	Our Environment — Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Our Environment — Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Our Environment — Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Our Environment — Sustainability Overview and Management Objective
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Our Environment — Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Our Environment — Material Consumption

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Section/ Statement
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B: Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Our People — Policies, Compliance Information, Employment Management
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region	Our People — Employee Profile
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Our People — Employee Profile
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Our People — Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Our People — Health and Safety
KPI B2.2	Lost days due to work injury	Our People — Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Our People — Health and Safety

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Section/ Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Our People — Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g.: senior management, middle management)	Our People — Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category	Our People — Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Our People — Prohibition of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Our People — Prohibition of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Our People — Prohibition of Child and Forced Labour
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Our Supply Chain — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Our Supply Chain — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Our Supply Chain — Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Our Supply Chain — Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Our Supply Chain — Supply Chain Management

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Section/ Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Our Customer — Product Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Our Customer — Customer Services and Complaint Handling
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Our Customer — Customer Services and Complaint Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Our Customer — Intellectual Property, Advertising and Labelling
KPI B6.4	Description of quality assurance process and recall procedures	Our Customer — Product Quality, Customer Services and Complaint Handling
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Our Customer — Data Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Business Ethics — Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Business Ethics — Compliance information
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Business Ethics — Preventive Measures and Whistleblowing Procedures
KPI B7.3	Description of anti-corruption training provided to directors and staff	Business Ethics — Preventive Measures and Whistleblowing Procedures

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

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Group is principally engaged in the production and sales of plastic and stainless steel sports bottles and baby feeding accessories. The two business segments of the Group are (i) the OEM Business, which primarily comprises the production and sales of plastic and stainless steel sports bottles and cups for infants and toddlers and plastic sports bottles on an OEM basis predominately for the overseas markets; and (ii) the Yo Yo Monkey Business, which primarily comprises the production and sales of infant and toddler products, particularly plastic bottles and cups, under the brand developed by the Group known as "Yo Yo Monkey (優優馬騮)", principally for the PRC market.

An analysis of the Group's performance for the year ended 31 December 2024 by business and geographical segments is set out in note 6 to the consolidated financial statements under this annual report.

BUSINESS REVIEW

General

A review of the business of the Group in 2024, particulars of important events that have occurred since the end of the financial year and a discussion on the Group's future business development are set out in the sections headed "Management discussion and analysis" on pages 4 to 11 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 79 of this annual report.

Principal risks and uncertainties

A number of factors affecting the results and business operations of the Group are set out in the section headed "Management discussion and analysis" on pages 4 to 11 of this annual report.

Financial results and analysis of key financial performance indicators

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 79 of this annual report.

The key financial information of the Group for the last five financial years and the key financial performance indicators of the Group are set out on pages 3 to 11 of this annual report.

Environmental policies

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also requires its production facilities under the OEM Business to operate in strict compliance with the relevant environmental regulations and rules.

Compliance with laws and regulations

The Group's production and operation are mainly carried out by the Company's subsidiaries in the PRC. The head office in Hong Kong mainly handles the brand design and the management and administration work of the Group. The Company itself is listed on the Stock Exchange. The establishment and operations of the Group 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, the Group had complied with relevant local laws and regulations applicable to it in all material respects.

Business activities in Countries subject to International Sanctions

During the year ended 31 December 2024, none of the products of the Group were sold and/or delivered to certain Countries subject to International Sanctions on free on board (FOB) or free carrier (FCA) basis. None of the revenue derived from products sold and/or delivered to Countries subject to International Sanctions for the year ended 31 December 2024 (same for year 2023), representing none of the total revenue of the Group (same for year 2023).

The Group had not been notified of any International Sanctions that would be imposed on the Group for sales and/or deliveries to the Countries subject to International Sanctions for the year ended 31 December 2024. The Group expects to continue to sell and/or deliver products to Countries subject to International Sanctions, although the Directors do not expect any material increase in the sales or deliveries of the Group to these countries.

The Group would not enter into any transaction to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Countries subject to International Sanctions or Sanctioned Persons where this would be in breach of the International Sanctions.

The Directors believe that the Group has a reasonably adequate and effective internal control framework to continue to assist the Group in identifying and monitoring any material risk relating to International Sanctions so as to protect the interests of the Company and the Shareholders.

Key relationships

The Group endeavours to maintain sustainable development in the long term, continuously creating 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 their 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 ended 31 December 2024, the Group had committed to maintain the relationship with its employees and the turnover rate was acceptable and there was no significant and material dispute with its suppliers and customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 22 to the consolidated financial statements of the Group under this annual report.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2024 are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity on page 83 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the reserve available for distributions to the Shareholders was approximately HK$111,308,000 (2023: approximately HK$96,385,000). Details of movements in the distributable reserves of the Company are set out in note 29 to the consolidated financial statements of the Group under this annual report.

DONATIONS

During the year ended 31 December 2024, the Company and its subsidiaries made charitable donations of approximately HK$32,000 (2023: HK$11,000).

EQUITY-LINKED AGREEMENTS

Apart from the Share Option Scheme as disclosed in the section headed "Share Option Scheme" below, no equity-linked agreement was entered into by the Company during the year or subsisted as at 31 December 2024.

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 the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIVIDENDS

The Board declared the payment of an interim dividend and an interim special dividend of HK3 cents and HK7 cents per Share, respectively, totaling HK10 cents per Share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), which were paid on 4 October 2024 to the Shareholders whose names appeared on the register of members of the Company on 11 September 2024.

The Board has recommended the payment of a final dividend and a final special dividend of HK3 cents and HK17 cents per ordinary share, respectively, totaling HK20 cents per ordinary share for the year ended 31 December 2024 (2023: HK6 cents), amounting to a total of HK$40 million (2023: HK$12.0 million), subject to approval of the Shareholders at the forthcoming annual general meeting (the "**AGM**"). Upon approval of the Shareholders, the proposed final dividend and final special dividend will be paid on or around Thursday, 26 June 2025. The payment of dividend, particularly the final special dividend, was recommended after considering (i) the existing level of cash and cash equivalents and the working capital requirements for future business development of the Group, where surplus cash can be returned to the Shareholders; (ii) the ability of the Group to remain profitable; and (iii) the appreciation for the support of the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Company will hold the AGM on Monday, 26 May 2025. The register of members of the Company will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attendance and voting at the forthcoming AGM, 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, 20 May 2025.

For determining the entitlement to the proposed final dividend and final special dividend, the register of members of the Company will be closed from Friday, 30 May 2025 to Wednesday, 4 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend and final special dividend, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's 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 Thursday, 29 May 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements under this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or 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 had purchased, sold or redeemed any of the Company's listed securities including sale of treasury shares for the year ended 31 December 2024. As of 31 December 2024, the Company did not hold any treasury shares.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2024 are set out in note 11 to the consolidated financial statements under this annual report. There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling Shareholders nor any of their respective close associates that compete or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2024 and up to the date of this annual report.

Each of the controlling Shareholders had entered into the deed of non-competition with the Company as detailed in the section headed "Relationship with our controlling shareholders" in the Prospectus (the "**Deed of Non-Competition**"). Each of the controlling Shareholders had provided written confirmation and made an annual declaration on their compliance with the Deed of Non-Competition for the year ended 31 December 2024. Based on the information and confirmation provided by or obtained from the controlling Shareholders, the independent non-executive Directors have reviewed the compliance and enforcement of the Deed of Non-Competition and were satisfied that the Deed of Non-Competition was duly complied with and enforced for the year ended 31 December 2024.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN TRANSACTION, ARRANGEMENT AND CONTRACTS

Save for the related party transactions disclosed in note 28 to the consolidated financial statements of the Group and as described in the section headed "Related party transactions and connected transactions" below in this annual report, (i) no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its controlling Shareholders 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 as at the end of 31 December 2024 or at any time during such financial year; and (ii) no contract of significance had been entered into among the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries during the year ended 31 December 2024.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors

Mr. Chau Ching *(Chairman)*
Mr. Chung Kwok Keung Peter *(Chief Executive Officer)*
Mr. Chau Wai
Mr. Chung Leonard Shing Chun
Ms. Lo Siu Fun Helena (Appointed on 1 December 2024)

Independent non-executive Directors

Mr. Asvaintra Bhanusak
Mr. Seto John Gin Chung
Mr. Yu Hon To David

According to article 83(3) of the articles of association of the Company, Ms. Lo Siu Fun Helena shall retire at the forthcoming AGM and be eligible to offer herself for re-election.

According to articles 84(1) and 84(2) of the articles of association of the Company, Mr. Chau Wai, Mr. Chung Kwok Keung Peter and Mr. Yu Hon To David, shall retire at the forthcoming AGM by rotation and be eligible to offer themselves for re-election.

Each of the independent non-executive Directors had made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

PERMITTED INDEMNITY PROVISION

According to article 164 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 maintained appropriate insurance cover for the Directors and its officers in respect of potential legal actions that may occur in the course of performing their duties.

DIRECTORS' AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 15 of this annual report.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the year ended 31 December 2024.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has a service contract with the Company for a term of three years which may be terminated by either party in accordance with the respective terms of the service contract. Under the service contracts, each of the executive Directors is entitled to an annual discretionary management bonus in respect of each completed financial year 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 may be terminated by either party in accordance with the respective terms of the letter of appointment.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive has taken or deemed to have under such provisions of the SFO) and 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:

Long position in the Shares/underlying Shares

Name of Directors/ chief executives	Capacity/Nature of Interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Mr. Chung	Interest of a controlled corporation(Note 1) Beneficial owner(Note 2)	75,000,000 400,000	37.5% 0.2%
Mr. Chau	Interest of a controlled corporation(Note 3) Beneficial owner(Note 2)	75,000,000 400,000	37.5% 0.2%
Mr. Leonard Chung	Beneficial owner(Note 2)	2,360,000	1.2%
Mr. Chau Wai	Beneficial owner(Note 2)	2,360,000	1.2%
Ms. Lo Siu Fun Helena	Beneficial owner(Note 2)	2,360,000	1.2%
Mr. Yu	Beneficial owner(Note 2)	400,000	0.2%
Mr. Seto	Beneficial owner(Note 2)	400,000	0.2%
Mr. Asvaintra	Beneficial owner(Note 2)	400,000	0.2%

Note 1: L.V.E.P. Holdings is 100% beneficially owned by Mr. Chung. Accordingly, Mr. Chung is deemed to be interested in the Shares held by L.V.E.P. Holdings under the SFO.

Note 2: These represent the Shares to be issued and allotted by the Company upon exercise of the share options granted under the Share Option Scheme.

Note 3: Ching Wai Holdings is 100% beneficially owned by Mr. Chau. Accordingly, Mr. Chau is deemed to be interested in the Shares held by Ching Wai Holdings under the SFO.

On 7 June 2021 and 27 May 2024, the Company granted share options to all the Directors pursuant to the Share Option Scheme. Details of which are set out in the announcements of the Company dated 7 June 2021, 27 May 2024 and the section headed "Share Option Scheme" in this annual report.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the year ended 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2024, as far as was known to the Directors or chief executives of the Company, the following persons or corporations (other than the Directors and chief executives of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company:

Long position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding in the Company
L.V.E.P. Holdings	Beneficial owner	75,000,000	37.5%
Ching Wai Holdings	Beneficial owner	75,000,000	37.5%
Ms. Cheung	Interest of spouse(Note 1)	75,400,000	37.7%
Ms. Lee	Interest of spouse(Note 2)	75,400,000	37.7%

Note 1: Ms. Cheung is the spouse of Mr. Chau and is therefore deemed to be interested in the 75,000,000 Shares and 400,000 share options of the Company held by Mr. Chau under the SFO.

Note 2: Ms. Lee is the spouse of Mr. Chung and is therefore deemed to be interested in the 75,000,000 Shares and 400,000 share options of the Company held by Mr. Chung under the SFO.

Save as disclosed above, as at 31 December 2024, so far as the Directors were aware, none of the persons (other than the Directors or chief executives of the Company) had, or was deemed to have interests or short positions in the Shares and underlying Shares which were required to be recorded in the register of interests kept by the Company pursuant to Section 336 of the SFO, and which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme on 15 May 2018. The Share Option Scheme is an incentive scheme and is established to recognise the contributions that eligible participants have made or may make to the Group. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company shall not, in aggregate, exceed 20,000,000 Shares (representing 10% of the Shares in issue as at the date of this annual report), unless otherwise approved by the Shareholders. The Board may at its discretion grant options to the following eligible participants:

(i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "**Affiliate**");

(ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner, adviser or contractor to the Group or an Affiliate; and

(iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser or contractor to the Group or an Affiliate.

Options may also be granted to any company wholly-owned by one or more eligible participants. No option shall be granted to any eligible participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue. An offer for the grant of options shall be deemed to have been accepted when the Company receives the letter containing the offer duly signed by the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof. The exercise price for any Share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall not be less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a trading day; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share on the offer date.

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from 15 May 2018, being the date on which the Shareholders approved the Share Option Scheme, after which no further options may be issued but the provisions of the Share Option Scheme shall remain in full force and effect. As at 31 December 2024, the remaining life of the Share Option Scheme is approximately two years and five months. An offer for the grant of options shall be deemed to have been accepted when the Company receives the letter containing the offer duly signed by the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof. The principal terms of the Share Option Scheme were summarised in the paragraphs headed "Statutory and general information — (D) Share Option Scheme" in Appendix IV to the Prospectus.

As disclosed in the announcements of the Company dated 7 June 2021 and 27 May 2024, the Company granted 6,000,000 and 10,000,000 share options, respectively, to the Directors and certain employees of the Group on 7 June 2021 and 27 May 2024 to subscribe for an aggregate of 16,000,000 Shares.

The number of shares options available for grant under the Share Option Scheme was 14,000,000 (being the maximum of 20,000,000 less the 6,000,000 granted) at the beginning of the year ended 31 December 2024 and 4,000,000 (being the maximum of 20,000,000 less the 16,000,000 granted in aggregate) at the end of the year ended 31 December 2024.

The movements in the number of share options under the Share Option Scheme during the year ended 31 December 2024 are as follows:

Name	Date of grant	Exercise price per Share	Exercise period	Balance as at 1 January 2024	Granted	Exercised	Cancelled/ lapsed	Balance as at 31 December 2024
Mr. Chung	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	200,000	—	—	—	200,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	200,000	—	—	200,000
Mr. Chau	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	200,000	—	—	—	200,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	200,000	—	—	200,000
Mr. Leonard Chung	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	800,000	—	—	—	800,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	1,560,000	—	—	1,560,000
Mr. Chau Wai	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	800,000	—	—	—	800,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	1,560,000	—	—	1,560,000
Ms. Lo Siu Fun Helena	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	800,000	—	—	—	800,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]		1,560,000	—	—	1,560,000
Mr. Yu	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	200,000	—	—	—	200,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	200,000	—	—	200,000
Mr. Seto	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	200,000	—	—	—	200,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	200,000	—	—	200,000
Mr. Asvaintra	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	200,000	—	—	—	200,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	200,000	—	—	200,000
Other Employees	7 June 2021[1]	HK$0.68	7 June 2022 to 6 June 2031[2]	2,600,000	—	—	—	2,600,000
	27 May 2024[3]	HK$1.02	27 May 2025 to 26 May 2034[4]	—	4,320,000	—	—	4,320,000

Notes:

1. The closing price of the Shares immediately before the date of grant (i.e. as of 4 June 2021) was HK$0.69 per Share.

2. 40%, 30% and the remaining 30% of the share options granted on 7 June 2021 shall be vested and exercisable at any time from the date falling on the first anniversary (i.e. 7 June 2022), second anniversary (i.e. 7 June 2023) and third anniversary (i.e. 7 June 2024) of the date of grant, respectively, till the end of the option period (i.e. 6 June 2031). The closing price of the Shares immediately before the date of the first anniversary (i.e. as of 6 June 2022), immediately before the date of the second anniversary (i.e. as of 6 June 2023) and immediately before the date of the third anniversary (i.e. as of 6 June 2024) was HK$0.53 per Share, HK$0.76 per Share and HK$0.931 per Share, respectively. In this table, "exercise period" begins with the first anniversary of the date of grant.

3. The closing price of the Shares immediately before the date of grant (i.e. as of 24 May 2024) was HK$1.02 per Share.

4. 40%, 30% and the remaining 30% of the share options granted on 27 May 2024 shall be vested and exercisable at any time from the date falling on the first anniversary (i.e. 27 May 2025), second anniversary (i.e. 27 May 2026) and third anniversary (i.e. 27 May 2027) of the date of grant, respectively, until the end of the option period (i.e. 26 May 2034). In this table, "exercise period" begins with the first anniversary of the date of grant.

The number of shares that may be issued in respect of share options granted under all schemes of the Company as at 31 December 2024 of 6,000,000 (based on the number of vested share options under the Share Option Scheme) divided by the weighted average total number of Shares in issue for the year ended 31 December 2024 of 200,000,000 was 3.0%.

VALUE OF SHARE OPTIONS

The value of the share options granted during the review period is to be expensed through the Group's statement of profit or loss over the three-year vesting period of the share options.

The fair values of share options granted by the Company were determined by using the Black-Scholes option pricing model (the "**Model**"). The Model is one of the commonly used models to estimate the fair value of a share option. The variables and assumptions used in computing the fair values of the share options are based on management's best estimate. The value of a share option varies with different variables based on a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

The inputs into the Model were as follows:

Date of grant	7 June 2021
Closing Share price at the date of grant	HK$ 0.68
Exercise price	HK$ 0.68
Risk free rate (Note a)	1.05%
Expected life of option (Note b)	10 years
Expected volatility (Note c)	55.89%
Expected dividend per annum (Note d)	—
Exit rate	0.00%
Early exercise multiplier	2.80
Estimated fair values per share option	HK$ 0.39

Date of grant	27 May 2024
Closing Share price at the date of grant	HK$1.02
Exercise price	HK$1.02
Risk free rate (Note a)	3.78%
Expected life of option (Note b)	10 years
Expected volatility (Note c)	53.09%
Expected dividend per annum (Note d)	—
Exit rate	0.00%
Early exercise multiplier	1.72
Estimated fair values per share option	HK$0.44

Notes:

(a) Risk free rate: the yield derived from HKD Hong Kong Sovereign Curve in terms of the remaining of the share options.

(b) Expected life of option: being the period of 10 years commencing on the date of grant, based on management's best estimates for the effects of non-transferability, exercise restriction and behavioural considerations.

(c) Expected volatility: derived from historical volatility of the Shares.

(d) Expected dividend per annum: based on historical dividend yield of the Shares.

RETIREMENT SCHEMES

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in the PRC and certain mandatory provident fund schemes for the employees in Hong Kong. Particulars of these retirement plans are set out in note 2.15(iii) to the consolidated financial statements of this annual report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024 with regard to Section 543 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The related party transactions set out in note 28 to the consolidated financial statements of the Group constituted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2024, only the following connected transactions were required to comply with the reporting and announcement requirements under the Listing Rules:

Connected Transactions

(A) 2024 Hong Kong Lease Agreement

Parties: (i) Kwong Fai *(indirect wholly-owned by Mr. Chung and his spouse)*

(ii) Main Success *(indirect wholly-owned subsidiary of the Company)*

Principal terms:

On 27 May 2024, Main Success entered into a tenancy agreement (the "**2024 Hong Kong Lease Agreement**") with Kwong Fai, pursuant to which Kwong Fai as landlord agreed to lease to Main Success as tenant the premises situated at Room 907, 9/F., Enterprise Square Tower 1, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong for use as office in Hong Kong for a term of two years commencing from 1 June 2024 to 31 May 2026 at an agreed monthly rent of HK$46,461 (excluding government rates and management fees).

(B) 2024 PRC Lease Agreement A

Parties: (i) Penghui *(indirectly owned as to 50% by Mr. Chung and as to 50% by Mr. Chau)*

(ii) Wancheng Plastic *(indirect wholly-owned subsidiary of the Company)*

Principal terms:

On 27 May 2024, Penghui as lessor and Wancheng Plastic as lessee entered into a lease agreement (the "**2024 PRC Lease Agreement A**") for the leasing of part of the Production Base with gross floor area of approximately 38,610 sq.m. for a term of two years commencing from 1 June 2024 to 31 May 2026. Pursuant to the 2024 PRC Lease Agreement A, the parties thereto agreed to fix the monthly rent at RMB301,156.36 (inclusive of VAT) (exclusive of VAT: RMB276,290.24) for the period from 1 June 2024 to 31 May 2026.

(C) 2024 PRC Lease Agreement B

Parties: (i) Penghui *(indirectly owned as to 50% by Mr. Chung and as to 50% by Mr. Chau)*

(ii) Anyu Baby *(indirect wholly-owned subsidiary of the Company)*

Principal terms:

On 27 May 2024, Penghui as lessor and Anyu Baby as lessee entered into a lease agreement (the "**2024 PRC Lease Agreement B**") for the leasing of part of the Production Base with gross floor area of approximately 2,846 sq.m. for a term of two years commencing from 1 June 2024 to 31 May 2026. Pursuant to the 2024 PRC Lease Agreement B, the parties thereto agreed to fix the monthly rent at RMB22,198.80 (inclusive of VAT) (exclusive of VAT: RMB20,365.88) for the period from 1 June 2024 to 31 May 2026.

The monthly rental for each of the 2024 Hong Kong Lease Agreement, the 2024 PRC Lease Agreement A and the 2024 PRC Lease Agreement B (collectively, the "**2024 Lease Agreements**") was determined based on the fair rent value assessed, which was in line with the prevailing market rent of other premises with conditions comparable to those under the 2024 Lease Agreements.

As detailed in the announcement of the Company dated 27 May 2024, in accordance with HKFRS 16 "Leases", the Group would recognise the value of the right-of-use assets in its consolidated statement of financial position in connection with the leasing of the premises under the 2024 Lease Agreements. Accordingly, the rental transactions under the 2024 Lease Agreements were regarded as acquisitions of assets by the Group under the respective definition of "transaction" as set out in Chapter 14 and Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the 2024 Lease Agreements were aggregated for the purpose of the applicable size tests. The aggregate value of the right-of-use assets to be recognised under the 2024 Lease Agreements was approximately HK$8,575,000. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the rental transactions (on an aggregated basis) under the 2024 Lease Agreements based on the aggregated value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 exceeded 5% and was less than 25% and the total right-of-use assets was less than HK$10,000,000, the rental transactions (on an aggregated basis) under the 2024 Lease Agreements constituted (i) a discloseable transaction of the Company that was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction of the Company that was subject to the reporting and announcement requirements but was exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year ended 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases of the Group attributable to its major customers and suppliers, respectively, for the year ended 31 December 2024 are as follows:

	% of total revenue	% of total purchase
The largest customer/supplier	76.7%	53.7%
Five largest customers/suppliers	98.6%	70.1%

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in the five largest suppliers or customers of the Group.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company had applied the principles and complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the accounting period covered by this annual report. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 17 to 28 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2024 and as at the date of this annual report.

AUDITOR

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

By order of the Board
MS Group Holdings Limited
Chau Ching
Chairman

Hong Kong, 25 March 2025

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of MS Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of MS Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 79 to 127, 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 statement of cash flows 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.

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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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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. Key audit matter identified in our audit is net realisable value of inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
Net realisable value of inventories Refer to note 4.1 "Net realisable value of inventories" and note 18 "Inventories" to the consolidated financial statements. At 31 December 2024, the Group held inventories of HK$34,719,000 and a net provision of HK$401,000 was made for obsolete or slow moving inventories for the year ended 31 December 2024. Inventories are stated at the lower of cost and net realisable value in the consolidated financial statements. Management assesses net realisable value of inventories at each period end based on the current market condition and the historical experience of selling products of similar nature. The determination of net realisable value requires the use of significant judgement and estimates, including the consideration of condition of products, latest selling price, expectation of future sales orders. We focused on auditing the net realisable value of inventories including the related disclosures because the estimation of net realisable value of inventories are subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of inventory is considered significant due to the significance of the balance of inventory, significant management judgement and estimate involved in determining the net realisable value of inventory.	Our key procedures in relation to management's assessment of the net realisable value of inventories included: • We obtained an understanding of the management's internal control and assessment process of estimating the net realisable value of the inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including complexity, subjectivity, changes and susceptibility to management bias or fraud; • We evaluated and tested the key controls over the review of net realisable value of inventories; • We tested, on a sample basis, the net realisable value of raw material items by comparing the carrying amounts to replacement costs, and for other inventory items, by comparing the carrying amounts to the latest selling prices taking into account estimated cost to completion and estimated costs necessary to make the sale. • We tested, on a sample basis, the accuracy of the ageing profile of individual inventory items by checking to the underlying procurement correspondence, invoices and production log; and • We challenged and tested the assumptions used to determine the net realisable value of inventories. Based on the above, we considered that management's judgements and assumptions applied in the *net realisable value of inventories* were supportable by the evidence obtained and procedures performed.

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 THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the 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.

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgment 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Li Ching Lap Bernard.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5	**421,091**	233,990
Cost of sales	10	**(303,191)**	(158,865)
Gross profit		**117,900**	75,125
Selling expenses	10	**(8,443)**	(9,170)
Administrative expenses	10	**(47,233)**	(38,298)
Other income	7	**828**	768
Other (losses)/gains, net	8	**(916)**	164
Operating profit		**62,136**	28,589
Finance income	9	**4,008**	4,713
Finance expenses	9	**(972)**	(662)
Finance income, net		**3,036**	4,051
Share of result of associates	17	**(1,243)**	(8,640)
Profit before taxation		**63,929**	24,000
Taxation	12	**(14,543)**	(7,718)
Profit for the year		**49,386**	16,282
Attributable to:			
— Equity holders of the Company		**49,386**	16,282
		HK cents	HK cents
Profit per share attributable to equity holders of the Company during the year			
Basic and diluted	13	**24.69**	8.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**49,386**	16,282
Items that may be reclassified to consolidated income statement:		
Exchange translation differences	**(4,426)**	(2,917)
Total comprehensive income for the year attributable to:		
— Equity holders of the Company	**44,960**	13,365

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	39,718	32,861
Right-of-use assets	16	5,901	1,704
Investment in associates	17	—	1,243
		45,619	35,808
Current assets			
Inventories	18	34,719	39,054
Trade and other receivables	19	90,543	44,786
Deposits and prepayments	20	3,175	9,200
Cash and cash equivalents	21	114,515	126,294
		242,952	219,334
Total assets		288,571	255,142
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	22	20,000	20,000
Share premium		36,614	36,614
Other reserves	23	(4,970)	(2,520)
Retained earnings	23	172,859	155,473
Total equity		224,503	209,567

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**1,792**	—
Deferred income tax liabilities	24	**7,568**	4,985
		9,360	4,985
Current liabilities			
Trade and other payables	25	**34,472**	36,269
Bills payables		**8,174**	—
Lease liabilities	16	**4,176**	1,767
Tax payable		**7,886**	2,554
		54,708	40,590
Total liabilities		**64,068**	45,575
Total equity and liabilities		**288,571**	255,142

On behalf of the Board

Chau Ching
Director

Chung Kwok Keung Peter
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Share-based payments reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2023	20,000	36,614	131	(1,991)	1,869	151,191	207,814
Comprehensive income:							
Profit for the year	—	—	—	—	—	16,282	16,282
Other comprehensive income:							
Exchange translation differences	—	—	—	(2,917)	—	—	(2,917)
Total comprehensive income for the year	—	—	—	(2,917)	—	16,282	13,365
Transactions with equity holders:							
Dividend paid	—	—	—	—	—	(12,000)	(12,000)
Share-based payments	—	—	—	—	388	—	388
Total transactions with equity holders	—	—	—	—	388	(12,000)	(11,612)
Balance at 31 December 2023	20,000	36,614	131	(4,908)	2,257	155,473	209,567
Balance at 1 January 2024	**20,000**	**36,614**	**131**	**(4,908)**	**2,257**	**155,473**	**209,567**
Comprehensive income:							
Profit for the year	**—**	**—**	**—**	**—**	**—**	**49,386**	**49,386**
Other comprehensive income:							
Exchange translation differences	**—**	**—**	**—**	**(4,426)**	**—**	**—**	**(4,426)**
Total comprehensive income for the year	**—**	**—**	**—**	**(4,426)**	**—**	**49,386**	**44,960**
Transactions with equity holders:							
Dividend paid	**—**	**—**	**—**	**—**	**—**	**(32,000)**	**(32,000)**
Share-based payments	**—**	**—**	**—**	**—**	**1,976**	**—**	**1,976**
Total transactions with equity holders	**—**	**—**	**—**	**—**	**1,976**	**(32,000)**	**(30,024)**
Balance at 31 December 2024	**20,000**	**36,614**	**131**	**(9,334)**	**4,233**	**172,859**	**224,503**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	26(a)	**44,968**	20,941
Tax paid		**(6,232)**	(5,186)
Net cash generated from operating activities		**38,736**	15,755
Cash flows from investing activities			
Purchases of property, plant and equipment		**(15,836)**	(10,690)
Process from disposal of property, plant and equipment		**10**	83
Interest received		**3,711**	4,196
Net cash used in investing activities		**(12,115)**	(6,411)
Cash flows from financing activities			
Interest paid		**(972)**	(662)
Payment of principal element of lease liabilities	26(b)	**(4,149)**	(4,124)
Dividend paid	14	**(32,000)**	(12,000)
Net cash used in financing activities		**(37,121)**	(16,786)
Net decrease in cash and cash equivalents		**(10,500)**	(7,442)
Cash and cash equivalents at 1 January		**126,294**	134,798
Exchange losses on cash and cash equivalents		**(1,279)**	(1,062)
Cash and cash equivalents at 31 December		**114,515**	126,294

1 GENERAL INFORMATION

MS Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 9 March 2017. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the manufacture and sales of plastic bottles and cups for infants and toddlers and plastic sports and stainless steel sports bottles (the "Listing Business").

The controlling shareholders of the Company are Mr. Chung Kwok Keung Peter ("Mr. Chung") and Mr. Chau Ching ("Mr. Chau") (together, the "Controlling Shareholders").

The consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$000"), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") (Cap. 622). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRS 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.

(i) The adoption of amended standards and interpretation

In 2024, the Group adopted the following amended standards and interpretation which are relevant to its operations.

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK-Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has assessed the impact of the adoption of these amended standards and interpretation and considered that there was no significant impact on the Group's results and financial position.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(ii) New standards and amendments to existing standards and interpretation that are not yet effective

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

The Group has not early adopted the above new standards and amendments and is in the process of assessing the impact of these new standards and amendments on the Group's accounting policies and consolidated financial statements.

2.2 Consolidation

(i) Subsidiaries and business combination

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

Other than the group reorganisation of the Group in preparation for the Listing, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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 interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

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 in the consolidated income statement.

(ii) 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.

(iii) 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 consolidated 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 consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend and receivable. Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial information of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.4 Foreign currencies

(i) Functional and presentation currency

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

(ii) 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 consolidated income statement.

(iii) Group companies

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

(1) 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;

(2) 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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Foreign currencies (Continued)

(iii) Group companies (Continued)

(3) all resulting exchange 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. Exchange differences arising are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The principal annual rates used for this purpose are:

Decoration	5%
Furniture and fixtures	20%
Office equipment	20%
Plant and machinery	10%
Tools and equipment	30%
Motor vehicles	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other losses, net' in the consolidated income statement.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined based on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The Group holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 2.9.

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.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Cash and cash equivalents are assessed for expected credit losses in accordance with the policy set out in note 2.9.

2.9 Credit losses and impairment of assets

(i) Credit losses from financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

— Trade receivables for sales of inventory, and

— Other financial assets at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. The Group has identified the gross domestic product ("GDP") and the Consumer Price Index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Other financial assets at amortised cost include other receivables. The Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

Receivables are written off where 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 of greater than 365 days past due.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Credit losses and impairment of assets (Continued)

(i) Credit losses from financial assets (Continued)

Expected credit loss adjustment on receivables are presented as net adjustment within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested 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 in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method. They 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.

2.11 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 can be reliably estimated. Restructuring provisions comprise employee termination payments. 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 expenditure 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 passage of time is recognised as interest expense.

2.12 Contingent liabilities and contingent assets

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.12 Contingent liabilities and contingent assets (Continued)

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.13 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly 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.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income 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, the deferred income tax is 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 transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.13 Current and deferred income tax (Continued)

(iii) Offsetting

Deferred income 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 income taxes 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 balances on a net basis.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is stated net of allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activities have been resolved. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Sales of goods

Revenue from the sales of goods is recognised at a point in time when goods are delivered and title has been passed.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.15 Employee benefits

(i) 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 statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plan

Provisions for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution schemes

Contributions to defined contribution schemes, including the Mandatory Provident Fund ("MPF") Scheme, an employee pension schemes established by municipal government in Mainland China are expensed as incurred. Except for the MPF Scheme, contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Employee benefits (Continued)

(iii) Defined contribution schemes (Continued)

Pursuant to the relevant regulations of the government in the People's Republic of China ("PRC"), the companies in the PRC participate in the municipal government contribution scheme whereby the companies are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the PRC is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes. The Group's contributions to these schemes are expensed as incurred.

2.16 Operating leases

The Group is the lessee under various lease agreements for offices and warehouses. Rental contracts are typically for fixed periods of 2 years during which the Group pays a fixed monthly rental payment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the commencement date less any lease incentives received; and
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.17 Government grant

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 consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in financial statements in the period when the dividends are approved by the Company's shareholders/directors, where appropriate.

2.19 Investment in associate

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in these entities.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount adjacent to "Share of result of associates" in the consolidated income statement.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of investment in associate is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (note 2.9).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.20 Share-based payments

The fair value of options granted is recognised as an employee benefits 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 (e.g. the entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (e.g. 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 (e.g. the requirement for employees to save or hold shares for a specific period of time).

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 period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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 and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. It is the Group's policy not to enter into derivative transaction for speculative purposes.

The Group sets financial risk management policies in accordance with policies and procedures approved by the Board of Directors. The Board of Directors identifies and evaluates any financial risks in close co-operation with the Group's operating units and provides written principles for overall risk management.

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in United States dollars ("USD") and Chinese Renminbi ("RMB"). The assets and liabilities denominated in foreign currencies are mainly denominated in USD and RMB, and there are no significant assets and liabilities denominated in other foreign currencies. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The foreign exchange risk exposure on USD is not significant to the Group as HK$ is pegged with USD under the existing Hong Kong economic environment.

The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. At 31 December 2024, if RMB had weakened/strengthened by 5% against HK$ with all other variables held constant, the consolidated profit before taxation would have been 0.1% lower/higher (2023: 0.2% lower/higher).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

For companies with RMB as their functional currency, their businesses are principally conducted in RMB. The fluctuation of the exchange rates of RMB against foreign currencies has a limited impact on these companies' results of operations.

(ii) Credit risk

The credit risk of the Group mainly arises from cash and bank balances and trade and other receivables.

Risk management

The Group monitors the credit rating of its banks. As at 31 December 2024 and 2023, the Group has approximately 100% and 100% respectively of its cash in banks with credit rating of Baa3 (Moody's) or higher, meaning the banks have acceptable ability to meet financial commitments.

Impairment of financial assets

The Group has trade and other receivables that is subject to the expected credit loss model. Majority of the Group's trade receivables are from individual OEM Business customers and distributors of Yo Yo Monkey Business and are transacted in credit. As at 31 December 2024, the top two debtors accounted for approximately 79% (2023: 57%) and 14% (2023: 24%) respectively of the Group's trade receivables balances. The Group has set up long-term cooperative relationship with these debtors.

Management makes a periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether they are any disputes with the debtors. On that basis, the Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables. The loss allowance as at 31 December 2024 and 2023 was determined approximately HK$1,532,000 and HK$2,019,000 respectively for trade receivables.

The gross carrying amount of the trade receivables and the loss allowance provision analysed by aging band are set out below.

	2024		2023	
BY DUE DATE	Gross amount HK$'000	ECL Provision HK$'000	Gross amount HK$'000	ECL Provision HK$'000
NOT YET DUE	71,174	(10)	34,806	(63)
1–30 DAYS	3,030	(9)	404	(168)
31–60 DAYS	77	(8)	437	(67)
61–90 DAYS	6	(3)	569	(118)
Over 90 DAYS	2,662	(1,502)	4,672	(1,603)
	76,949	(1,532)	40,888	(2,019)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Impairment of financial assets (Continued)

Management consider other receivables as low credit risk as counterparty have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed the expected credit losses for these receivables are immaterial under 12-month expected credit losses method.

(iii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities.

The tables below analyse the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting periods to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	After 1 year but within 2 years HK$'000	Total HK$'000
The Group			
At 31 December 2024			
Trade and other payables	**34,472**	**—**	**34,472**
Lease liabilities	**4,346**	**1,811**	**6,157**
Bills payables	**8,174**	**—**	**8,174**
	46,992	**1,811**	**48,803**
At 31 December 2023			
Trade and other payables	36,269	—	36,269
Lease liabilities	1,789	—	1,789
	38,058	—	38,058

3.2 Fair value estimation

The carrying amounts of the Group's current financial assets and liabilities approximate their fair values due to the short-term maturities of these assets and liabilities. The carrying amounts of long-term financial liabilities approximate their fair value which is estimated by discounting the future contractual cash flows at the current market rate that is available to the Group for similar financial instruments.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and enhance shareholder value in the long term. The capital structure consists of total equity as shown in the consolidated statements of financial position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to owner, or issue new shares.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 Group makes estimates and assumptions concerning the future. 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.

4.1 Net realisable value of inventories

Net realisable value of inventories is the estimated selling prices in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each reporting date. A net provision of HK$401,000 was made for the year ended 31 December 2024.

4.2 Estimated impairment of investments in associates

The Group tests whether investments in associates have suffered any impairment, when there is an indication of impairment, in accordance with the accounting policy stated in note 2.19. For investments in associates with indication of impairment, the Group's share of recoverable amount of the relevant associates has been determined based on higher of value-in-use or fair value less costs of disposal. It is reasonably possible that the judgements and estimates could change in future periods. Changes to the judgements and estimates can significantly affect the carrying amount of the investment in future periods.

4.3 Current taxation and deferred taxation

The Group is subject to income tax in Hong Kong and PRC. Significant judgement is required in determining the provision for taxation in this jurisdiction. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures 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 and deferred income taxation in the financial period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.3 Current taxation and deferred taxation (Continued)

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences and the carry forward of unutilised tax losses and tax credits, the asset balance will be reduced and charged to the consolidated income statement.

4.4 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 3.

4.5 Depreciation of right-of-use assets and property, plant and equipment

The management determines the estimated useful lives and residual values for its right-of-use assets and property, plant and equipment. Management will revise the depreciation charge using the straight-line method where useful lives or lease terms are different from previous estimates, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold.

4.6 Share-based payments

The fair value of share options granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, expected dividend per annum, exit rate and early exercise multiplier, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of granting.

5 REVENUE

The Group is principally engaged in manufacturing and sale of plastic bottles and cups for infants and toddlers and plastic and stainless steel sports bottles to OEM Business customer, and customers under its own brand. An analysis of the Group's revenue is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from OEM Business customer products	417,306	221,914
Revenue from own brand products	3,785	12,076
	421,091	233,990

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used for making strategic decisions. The chief operating decision-maker is identified as the Executive Directors of the Company. The chief operating decision-maker consider the business from a product perspective and assess the performance of the operating segments based on a measure of gross profit for the purposes of allocating resources. No analysis of segment assets or segment liabilities is regularly provided to the chief operating decision-maker.

The management has identified two operating segments based on the types of products, namely (i) production and sale of plastic infant products and plastic and stainless steel sports bottles to OEM Business customer and (ii) design, manufacture and sale of own brand infant products.

The segment information provided to the chief operating decision-maker for the year ended 31 December 2024 and 2023 is as follows:

	2024			2023		
	OEM Business customer products HK$'000	Own brand products HK$'000	Total HK$'000	OEM Business customer products HK$'000	Own brand products HK$'000	Total HK$'000
Segment revenue from external customers	417,306	3,785	421,091	221,914	12,076	233,990
Cost of sales	(300,420)	(2,771)	(303,191)	(150,231)	(8,634)	(158,865)
Gross profit	116,886	1,014	117,900	71,683	3,442	75,125
Selling expenses			(8,443)			(9,170)
Administrative expenses			(47,233)			(38,298)
Other income			828			768
Other (losses)/gains, net			(916)			164
Finance income, net			3,036			4,051
Share of result of associates			(1,243)			(8,640)
Profit before taxation			63,929			24,000
Taxation			(14,543)			(7,718)
Profit for the year			49,386			16,282

For the year ended 31 December 2024 and 2023, the Group recognised all revenue from contracts with customers on a point in time basis.

6 SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue is mainly derived from customers located in the United States of America ("US"), Italy and the People's Republic of China ("PRC"). The Group's revenue by the geographical location of the customers, determined based on the domicile countries of the customers, irrespective of the destinations of the goods, is detailed below:

	2024 HK$'000	2023 HK$'000
US	415,490	220,866
Italy	1,022	630
PRC	3,525	11,192
Others	1,054	1,302
	421,091	233,990

Major customers' information

The analysis of the Group's major customers, which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

	2024 HK$'000	2023 HK$'000
The largest customer	323,164	145,523
The second largest customer	85,436	67,828

Non-current assets information

	2024 HK$'000	2023 HK$'000
Hong Kong	2,199	1,116
PRC	43,420	33,449
US	—	1,243
	45,619	35,808

7 OTHER INCOME

	2024 HK$'000	2023 HK$'000
Government grant	**382**	639
Sundries	**446**	129
	828	768

8 OTHER (LOSSES)/GAINS, NET

	2024 HK$'000	2023 HK$'000
Net foreign exchange gain	**901**	155
(Losses)/gains on disposal and write-off of property, plant and equipment	**(1,817)**	9
	(916)	164

9 FINANCE INCOME, NET

	2024 HK$'000	2023 HK$'000
Finance income		
Bank interest income	**4,008**	4,713
Finance expenses		
Interest on lease liabilities (Note 26b)	**196**	191
Interest on bills payables	**776**	471
	972	662
Finance income, net	**3,036**	4,051

10 EXPENSES BY NATURE

	2024 HK$'000	2023 HK$'000
Cost of inventories (Note 18)	217,773	90,611
Net provision for the impairment loss on inventories (Note 18)	401	2,170
Employee benefit expenses (Note 11)	83,984	65,681
Legal and professional fee	2,708	2,708
Management fee expenses	2,288	2,327
Transportation expenses	6,805	4,557
Depreciation of property, plant and equipment (Note 15)	5,534	5,125
Depreciation of right-of-use assets (Note 16)	4,155	4,111
Tooling expenses	8,686	6,653
Travelling expenses	2,874	3,239
Promotion expenses	685	1,315
Repair and maintenance expenses	4,984	3,649
Auditor's remuneration for the Company's auditor — audit services	956	956
Auditor's remuneration for the Company's auditor — non-audit services	564	575
Auditor's remuneration for other auditor — audit services	96	96
Utility expenses	7,236	6,470
Entertainment expenses	391	607
Expected credit loss adjustment on trade and other receivables (Note 19)	1,770	(576)
Others	6,924	6,059
Total cost of sales, selling expenses and administrative expenses	358,867	206,333

11 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK$'000	2023 HK$'000
Salaries, wages and bonuses	70,640	56,943
Contributions to defined contribution schemes (Note)	9,676	7,286
Other benefits	1,692	1,064
Share-based payments	1,976	388
	83,984	65,681

Note: As at 31 December 2024 and 2023, the Group had no forfeited contributions available to reduce the existing level of contributions.

11 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Directors' emoluments

(i) The remuneration of each director for the year ended 31 December 2024 is set out below:

	Fee HK$'000	Salaries HK$'000	Other allowances HK$'000	Bonuses HK$'000	Defined contribution pension costs HK$'000	Sub-total HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:								
Mr. Chau Ching	—	936	—	170	—	1,106	41	1,147
Mr. Chau Wai	—	1,802	—	320	18	2,140	306	2,446
Mr. Chung Kwok Keung Peter	—	936	—	1,170	—	2,106	41	2,147
Mr. Chung Leonard Shing Chun	—	918	—	136	18	1,072	306	1,378
Ms. Lo Siu Fun Helena (Appointed on 1 December 2024)	—	173	—	36	—	209	25	234
Independent non-executive directors:								
Mr. Asvaintra Bhanusak	180	—	—	—	—	180	41	221
Mr. Seto John Gin Chung	180	—	—	—	—	180	41	221
Mr. Yu Hon To David	180	—	—	—	—	180	41	221
Total emoluments	540	4,765	—	1,832	36	7,173	842	8,015

(ii) The remuneration of each director for the year ended 31 December 2023 is set out below:

	Fee HK$'000	Salaries HK$'000	Other allowances HK$'000	Bonuses HK$'000	Defined contribution pension costs HK$'000	Sub-total HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:								
Mr. Chau Ching	—	936	—	—	—	936	13	949
Mr. Chau Wai	—	1,732	—	176	18	1,926	52	1,978
Mr. Chung Kwok Keung Peter	—	936	—	—	—	936	13	949
Mr. Chung Leonard Shing Chun	—	872	—	88	18	978	52	1,030
Independent non-executive directors:								
Mr. Asvaintra Bhanusak	180	—	—	—	—	180	13	193
Mr. Seto John Gin Chung	180	—	—	—	—	180	13	193
Mr. Yu Hon To David	180	—	—	—	—	180	13	193
Total emoluments	540	4,476	—	264	36	5,316	169	5,485

11 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Directors' emoluments (Continued)

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as management and employee to the Group during the years ended 31 December 2024 and 2023.

There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

(b) Directors' retirement benefits and termination benefits

Save as disclosed in note 11(a), the directors did not receive any other retirement benefits or termination benefits during the years ended 31 December 2024 and 2023.

(c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2024 and 2023, no consideration was provided to or receivable by third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in note 28, as at 31 December 2024 and 2023, no loans, quasi-loans and other dealing arrangements in favour of directors, their controlled bodies corporate and connected entities.

(e) Director's material interests in transactions, arrangements or contracts

Save as disclosed in note 28, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the years ended 31 December 2024 and 2023 or at any time during the years then ended.

(f) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group during the years ended 31 December 2024 and 2023 include two directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and wages	4,222	4,116
Bonus	986	513
Contributions to defined contribution schemes	47	54
Share-based payments	892	155
	6,147	4,838

11 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(f) Five highest paid individuals' emoluments (Continued)

The emoluments fell within the following bands:

	2024 No. of Individuals	2023 No. of individuals
HK$1,000,001 to HK$1,500,000	—	1
HK$1,500,001 to HK$2,000,000	1	2
HK$2,000,001 to HK$2,500,000	2	—

During the years ended 31 December 2024 and 2023, no directors or any members of the five highest paid individuals received any emoluments from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

12 TAXATION

	2024 HK$'000	2023 HK$'000
Current income tax		
Hong Kong Profits Tax	5,543	2,393
PRC enterprise income tax	6,417	3,316
	11,960	5,709
Deferred income tax (Note 24)	2,583	2,009
Income tax expenses for the year	14,543	7,718

For each of the years ended 31 December 2024 and 2023, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the years. PRC enterprise income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC.

12 TAXATION (Continued)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2024 HK$'000	2023 HK$'000
Profit before taxation	63,929	24,000
Add: share of results of associates	1,243	8,640
Profit before tax and before share of results of associates	65,172	32,640
Calculated at a tax rate of 16.5% (2023: 16.5%)	10,753	5,386
Effect of different tax rates in other jurisdictions	3,098	1,774
Tax effect of expenses not deductible for tax purpose	1,256	1,076
Tax effect of income not taxable for tax purpose	(1,020)	(1,066)
Tax losses not recognised	456	548
Income tax expenses	14,543	7,718

13 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2024	2023
Profit attributable to owners of the Company (HK$'000)	49,386	16,282
Weighted average number of ordinary shares in issue (thousands)	200,000	200,000
Basic earnings per share (Hong Kong cents)	24.69	8.14

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2024 and 2023 is equal to the basic earnings per share as the potential dilutive ordinary shares arising from exercise of the outstanding share options would be anti-dilutive.

14 DIVIDEND

	2024 HK$'000	2023 HK$'000
Interim dividend paid of HK3 cents per ordinary share (2023: Nil)	**6,000**	—
Interim special dividend paid of HK7 cents per ordinary share (2023: Nil)	**14,000**	—
Final dividend proposed of HK3 cents per ordinary share (2023: HK3 cents)	**6,000**	6,000
Final special dividend proposed of HK17 cents per ordinary share (2023: HK3 cents)	**34,000**	6,000
	60,000	12,000

The final dividend and final special dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2024. The amount of the 2024 proposed final dividend and final special dividend is expected to be paid on Thursday, 26 June 2025 out of retained profit.

On 25 March 2025, the Board declared a final dividend and a final special dividend of HK3 cents (2023: HK3 cents) and HK17 cents (2023: HK3 cents) per ordinary share, respectively, totaling HK20 cents (2023: HK6 cents) per ordinary share, payable to shareholders whose names appear on the register of the members of the Company on Wednesday, 4 June 2025. The total amount of the final dividend and final special dividend was HK$40 million (2023: HK$12 million) and will be paid on Thursday, 26 June 2025.

15 PROPERTY, PLANT AND EQUIPMENT

	Decoration HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Plants and machinery HK$'000	Tools and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 January 2023	14,691	1,453	5,281	64,489	17,161	4,111	107,186
Additions	1,597	—	116	8,377	—	600	10,690
Disposals	—	—	(18)	(4,362)	—	(414)	(4,794)
Exchange difference	(190)	—	(140)	(895)	—	(37)	(1,262)
At 31 December 2023 and 1 January 2024	16,098	1,453	5,239	67,609	17,161	4,260	111,820
Additions	274	—	119	12,629	382	2,432	15,836
Disposals/write-off for the year	(5,210)	—	(620)	(12,678)	—	(379)	(18,887)
Exchange difference	(272)	—	(147)	(1,676)	—	138	(1,957)
At 31 December 2024	10,890	1,453	4,591	65,884	17,543	6,451	106,812
Accumulated depreciation							
At 1 January 2023	6,572	1,429	4,527	46,018	16,783	3,813	79,142
Charge for the year	744	8	243	3,623	184	323	5,125
Disposal for the year	—	—	(18)	(4,306)	—	(396)	(4,720)
Exchange difference	(53)	—	(137)	(368)	—	(30)	(588)
At 31 December 2023 and 1 January 2024	7,263	1,437	4,615	44,967	16,967	3,710	78,959
Charge for the year	778	5	334	3,666	243	508	5,534
Disposal/write-off for the year	(3,585)	—	(433)	(12,171)	—	(379)	(16,568)
Exchange difference	(80)	—	(124)	(757)	—	130	(831)
At 31 December 2024	4,376	1,442	4,392	35,705	17,210	3,969	67,094
Net book value							
At 31 December 2024	6,514	11	199	30,179	333	2,482	39,718
At 31 December 2023	8,835	16	624	22,642	194	550	32,861

16 LEASE

(i) Amounts recognised in the consolidated statement of financial position

	2024 HK$'000	2023 HK$'000
Right-of-use assets		
Buildings	5,901	1,704

	2024 HK$'000	2023 HK$'000
Lease liabilities		
Current	4,176	1,767
Non-current	1,792	—
	5,968	1,767

On 27 May 2024, the Group renewed the lease agreements with Kwong Fai Trading Limited and Penghui Qiye (Wengyuan) Company Limited for a term of two years commencing from 1 June 2024 and ending on 31 May 2026 (both days inclusive) for the ongoing business operations and development of the Group.

Additions to the right-of-use asset during 2024 were HK$8,575,000.

The details of transactions are disclosed in note 28.

(ii) Amounts recognised in the consolidated income statement

	2024 HK$'000	2023 HK$'000
Depreciation of right-of-use assets		
Buildings	4,155	4,111

The total cash outflow for lease in 2024 and 2023 was HK$4,345,000 and HK$4,315,000 respectively. Lease terms are negotiated on an individual basis. The lease agreements contain a wide range of different terms and conditions and do not impose any covenant.

17 INVESTMENT IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2024 and 2023 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Carrying amount	
		2024	2023	**2024**	2023
		%	%	**HK$'000**	HK$'000
BRH2 Plastics, LLC	US	**40**	40	**—**	1,243

The tables below provide summarised financial information for associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not MS Group Holdings Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised financial information of the associates are as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current assets	**8,076**	16,653
Current assets	**21,974**	17,294
Non-current liabilities	**—**	—
Current liabilities	**(40,488)**	(30,839)
Net (liabilities)/assets	**(10,438)**	3,108
Revenue	**48,135**	53,002
Loss for the year and other comprehensive income	**(13,546)**	(21,601)
Reconciled to the Group's interests in the associates		
Gross amounts of net assets of the associate	**—**	3,108
Group's effective interest	**40%**	40%
Group's share of net assets of the associate	**—**	1,243
Carrying amount in the consolidated financial statements	**—**	1,243

The share of net losses recognised in the consolidated income statement for the year ended 31 December 2024 included share of operating losses amounted HK$166,000 (2023: HK$4,287,000) before share of amortisation of intangible assets identified during the acquisition amounted HK$1,077,000 (2023: HK$3,231,000) and impairment loss of associates HK$ nil (2023: HK$1,122,000).

The Group discontinues recognising its share of further losses when its share of loss of associates exceeds its investment in associates. As at 31 December 2024, the Group has HK$4,175,000 accumulated unrecognised share of loss for associates.

18 INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**14,889**	23,130
Work in progress	**10,101**	6,874
Finished goods	**9,729**	9,050
	34,719	39,054

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$217,773,000 and HK$90,611,000 for the years ended 31 December 2024 and 2023 respectively. A net provision of HK$401,000 and HK$2,170,000 were made for the year ended 31 December 2024 and 2023 respectively.

19 TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**76,949**	40,888
Loss allowance	**(1,532)**	(2,019)
	75,417	38,869
Other receivables	**15,126**	3,660
Loan to an associate	**—**	2,257
	90,543	44,786

During the year, expected credit loss adjustment of HK$2,257,000 is recognised on loan to an associate.

The credit period for the trade receivables for the Group's business generally ranges from 30 to 90 days. The ageing analysis of trade receivables by invoice date is as follows:

	2024 HK$'000	2023 HK$'000
0–30 days	**54,507**	31,545
31–60 days	**19,212**	3,277
61–90 days	**457**	800
Over 90 days	**1,241**	3,247
	75,417	38,869

19 TRADE AND OTHER RECEIVABLES (Continued)

Movement in the loss allowance

	2024 HK$'000	2023 HK$'000
At 1 January	2,019	2,595
Expected credit loss adjustment on trade receivables	(487)	(576)
At 31 December	1,532	2,019

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
USD	74,489	37,445
HKD	61	3
RMB	15,993	7,338
	90,543	44,786

20 DEPOSITS AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Utilities and other deposits	158	169
Prepayments		
— Inventories	1,512	7,968
— Others	1,505	1,063
	3,175	9,200

21 CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash on hand	**63**	68
Cash at banks	**114,452**	126,226
	114,515	126,294

The carrying amounts of cash and bank balances of the Group approximate their fair values and are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
USD	**69,998**	81,562
HKD	**1,799**	12,716
RMB	**42,718**	32,016
	114,515	126,294

The cash and bank balances of the Group denominated in RMB is not freely convertible into other currencies. However, under "Mainland China's Foreign Exchange Control Regulations" and "Administration of Settlement, Sale and Payment of Foreign Exchange Provisions", the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

22 SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.1 each, authorised:		
At 31 December 2024 and 2023	3,800,000,000	380,000
Ordinary shares of HK$0.1 each, issued and fully paid:		
At 31 December 2024 and 2023	200,000,000	20,000

23 RESERVES

(i) Other reserves

	Capital reserve HK$'000	Exchange reserve HK$'000	Share-based payments reserve HK$'000	Total HK$'000
At 1 January 2023	131	(1,991)	1,869	9
Currency translation differences	—	(2,917)	—	(2,917)
Share-based payments (iii)	—	—	388	388
At 31 December 2023	131	(4,908)	2,257	(2,520)
At 1 January 2024	**131**	**(4,908)**	**2,257**	**(2,520)**
Currency translation differences	**—**	**(4,426)**	**—**	**(4,426)**
Share-based payments (iii)	**—**	**—**	**1,976**	**1,976**
At 31 December 2024	**131**	**(9,334)**	**4,233**	**(4,970)**

(ii) Retained earnings

In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC ("PRC GAAP"), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of relevant Mainland subsidiaries. As at 31 December 2024, PRC statutory reserves of HK$8,384,000 (2023: HK$6,851,000) are included in retained earnings.

(iii) Share-based payments

The Company adopted a share option scheme pursuant to a written resolution of the Shareholders passed on 15 May 2018. 6,000,000 and 10,000,000 share options were granted to the Directors, senior management and certain employees of the Group on 7 June 2021 and 27 May 2024 respectively.

Share-based payments amounted HK$1,976,000 and HK$388,000 was recognised in the consolidated income statement during the year ended 31 December 2024 and 2023.

24 DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation HK$'000
At 1 January 2023	2,976
Credited to the income statement (Note 12)	2,009
At 31 December 2023 and 1 January 2024	4,985
Charged to the income statement (Note 12)	2,583
At 31 December 2024	7,568

The Group has undistributed earnings of HK$84,281,000 (2023: HK$54,868,000) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from this subsidiaries and is not expected to distribute these profits in the foreseeable future.

In accordance with the accounting policy set out in note 2.13(ii), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$32,090,000 (2023: HK$29,328,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. These unrecognized deferred tax assets related to the losses of subsidiaries in PRC will expire within 5 years from 31 December 2024. The remaining portion do not expire under current tax legislation.

25 TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**9,468**	12,656
Accruals and other payables	**22,682**	20,708
Contract liabilities	**2,322**	2,905
	34,472	36,269

25 TRADE AND OTHER PAYABLES (Continued)

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

	2024 HK$'000	2023 HK$'000
0–30 days	5,559	8,372
31–60 days	2,437	2,798
61–90 days	—	2
Over 90 days	1,472	1,484
	9,468	12,656

The carrying amounts of trade and other payables approximated their fair values and were denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
USD	6,796	9,863
HKD	8,148	6,283
RMB	19,528	20,123
	34,472	36,269

The trade payables due to related parties were unsecured, interest-free and had similar terms of settlement as third party payables.

The contract liabilities primarily relate to the advance consideration received from customers, or the Group has unconditional right to considerations before the goods or services are delivered.

Contract liabilities of HK$2,905,000 included in the balance as at 1 January 2024 were recognised as revenue during the year ended 31 December 2024 (2023: HK$2,909,000).

As the contracts are for periods of one year or less or the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

26 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

	2024 HK$'000	2023 HK$'000
Profit before income tax	**63,929**	24,000
Adjustments for:		
Finance income (Note 9)	**(4,008)**	(4,713)
Finance expenses (Note 9)	**972**	662
Depreciation of property, plant and equipment (Note 10)	**5,534**	5,125
Depreciation of right-of-use assets (Note 10)	**4,155**	4,111
Net provision for impairment of inventories (Note 10)	**401**	2,170
Expected credit loss adjustment on trade and other receivable (Note 10)	**1,770**	(576)
Share of result of associates	**1,243**	8,640
Share-based payments	**1,976**	388
Loss/(gains) on disposal of property, plant and equipment (Note 8)	**1,817**	(9)
Net exchange differences	**(777)**	(451)
Operating cash flows before changes in working capital	**77,012**	39,347
Change in working capital:		
— Inventories	**2,716**	(3,224)
— Trade and other receivables	**(47,645)**	(16,221)
— Deposits and prepayments	**5,886**	(5,378)
— Trade and other payables	**(1,175)**	6,417
— Bill payables	**8,174**	—
Cash generated from operations	**44,968**	20,941

26 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities is as follows:

	Lease liabilities HK$'000
At 1 January 2023	6,010
Changes from financing cash flow:	
Capital element of lease rentals paid	(4,124)
Interest element of lease rentals paid	(191)
Other changes:	
Interest expense on lease liabilities	191
Translation differences	(119)
At 31 December 2023	1,767
At 1 January 2024	**1,767**
Changes from financing cash flow:	
Capital element of lease rentals paid	**(4,149)**
Interest element of lease rentals paid	**(196)**
Other changes:	
Interest expense on lease liabilities	**196**
Additions of lease liabilities	**8,947**
Translation differences	**(597)**
At 31 December 2024	**5,968**

27 SHARE-BASED PAYMENTS

The Company granted 6,000,000 and 10,000,000 share options to the Directors, senior management and certain employees of the Group on 7 June 2021 and 27 May 2024 to subscribe for an aggregate of 6,000,000 and 10,000,000 Shares respectively.

40%, 30% and the remaining 30% of the share options granted on 7 June 2021 and 27 May 2024 shall be vested and exercisable at any time from the date falling on the first anniversary (i.e. 7 June 2022 and 27 May 2025), second anniversary (i.e. 7 June 2023 and 27 May 2026) and third anniversary (i.e. 7 June 2024 and 27 May 2027) of the date of grant, respectively, till the end of the option period (i.e. 6 June 2031 and 26 May 2034). Exercise period begins with the first anniversary of the date of grant.

The fair values of share options granted by the Company were determined by using the Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of a share option. The variables and assumptions used in computing the fair values of the share options are based on management's best estimate. The value of a share option varies with different variables based on a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

The inputs into the Model were as follows:

Date of grant	7 June 2021
Closing Share price at the date of grant	HK$0.68
Exercise price	HK$0.68
Risk free rate	1.05%
Expected life of option	10 years
Expected volatility	55.89%
Expected dividend per annum	—
Exit rate	0.00%
Early exercise multiplier	2.80
Estimated fair values per share option	HK$ 0.39

Date of grant	27 May 2024
Closing Share price at the date of grant	HK$1.02
Exercise price	HK$1.02
Risk free rate	3.78%
Expected life of option	10 years
Expected volatility	53.09%
Expected dividend per annum	—
Exit rate	0.00%
Early exercise multiplier	1.72
Estimated fair values per share option	HK$ 0.44

27 SHARE-BASED PAYMENTS (Continued)

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
7 June 2021	6 June 2031	HK$0.68	6,000,000	6,000,000
27 May 2024	26 May 2034	HK$1.02	10,000,000	—

6,000,000 share options had vested as at 31 December 2024 (2023: 4,200,000) and none of the options had forfeited as at 31 December 2024 and 2023.

28 RELATED PARTY TRANSACTIONS

Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

In addition to those disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the years ended 31 December 2024 and 2023:

Name of related party	Relationship with the Group
Mr. Chau Ching	Controlling Shareholder and director of the Company
Mr. Chung Kwok Keung Peter	Controlling Shareholder and director of the Company
Kwong Fai Trading Limited	Jointly controlled by Mr. Chung and his spouse
Penghui Qiye (Wengyuan) Company Limited* (鵬輝企業(翁源)有限公司)	Controlled by Controlling Shareholders
Huafulai Green Energy (Shaoguan) Co., Ltd	Controlled by Mr. Chau Wai
Racing Champions Limited	Jointly controlled by Mr. Chung and his spouse

* The English translations of company or entity names in Chinese are for identification purpose only.

28 RELATED PARTY TRANSACTIONS (Continued)

(a) Continued transactions

	2024 HK$'000	2023 HK$'000
Kwong Fai Trading Limited ("Kwong Fai")		
— Depreciation of right-of-use assets	**544**	570
— Interest expenses on lease liabilities	**31**	30
Penghui Qiye (Wengyuan) Company Limited ("Penghui")		
— Management fee expenses	**2,088**	2,130
— Depreciation of right-of-use assets	**3,611**	3,541
— Interest expenses on lease liabilities	**165**	161
Huafulai Green Energy (Shaoguan) Co., Ltd ("Huafulai")		
— Utility expenses	**2,029**	1,058
Racing Champions Limited ("Racing Champions")		
— Purchase of motor vehicles	**—**	600

All of the above transactions with related parties were conducted in the ordinary course of the business of the Group based on the terms mutually agreed between the relevant parties.

The Group leased certain premises with the aggregate carrying amount of right-of-use assets of HK$5,901,000 (2023: HK$1,704,000) and lease liabilities of HK$5,968,000 (2023: HK$1,767,000) as at 31 December 2024 from Kwong Fai and Penghui. During the year ended 31 December 2024, the lease payments paid to Kwong Fai and Penghui were HK$575,000 (2023: HK$600,000) and HK$3,771,000 (2023: HK$3,715,000) respectively.

On 27 May 2024, the Group renewed the lease agreements with Kwong Fai and Penghui for a term of two years commencing from 1 June 2024 and ending on 31 May 2026 (both days inclusive) for the ongoing business operations and development of the Group.

The terms of the new lease agreements have been agreed by the parties after arm's length negotiations and are on normal commercial terms. The monthly rental for each of the new lease agreements was determined based on the fair rent value assessed by an independent valuer, which is in line with the prevailing market rent of other premises with conditions comparable to those under the new lease agreements.

28 RELATED PARTY TRANSACTIONS (Continued)

(a) Continued transactions (Continued)

The aggregate value of the rental payable by the Group under the new lease agreements for the two-year period is approximately HK$8,947,000, which is expected to be financed by the internal resources of the Group. The aggregated value of the right-of-use assets recognised in year 2024 by the Group is approximately HK$8,575,000.

(b) Key management compensation

Key management personnel are deemed to be the members of the Board of Directors of the Company who have responsibility for the planning directly and controlling the activities of the Group. The key management compensation is determined by the remuneration committee having regard to the performance of individuals and market trends. Please refer to note 11 for key management compensation.

29 COMPANY STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT

	At 31 December	
	2024	2023
	HK$'000	HK$'000
ASSETS		
Non-current asset		
Interests in subsidiaries	**11**	11
Current assets		
Deposits and prepayments	**254**	264
Amount due from subsidiaries	**134,865**	118,342
Cash and cash equivalents	**836**	724
	135,955	119,330
Total assets	**135,966**	119,341
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	**20,000**	20,000
Share premium	**36,614**	36,614
Share-based payments reserve	**4,233**	2,257
Retained earnings	**70,461**	57,514
Total equity	**131,308**	116,385
LIABILITIES		
Current liabilities		
Accruals	**4,649**	2,947
Amount due to subsidiaries	**9**	9
Total liabilities	**4,658**	2,956
Total equity and liabilities	**135,966**	119,341

On behalf of the Board

Chau Ching
Director

Chung Kwok Keung Peter
Director

29 COMPANY STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT (Continued)

	Share capital HK$'000	Share premium HK$'000	Share-based payments reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2023	20,000	36,614	1,869	12,853	71,336
Profit for the year	—	—	—	56,661	56,661
Dividend paid	—	—	—	(12,000)	(12,000)
Share-based payments	—	—	388	—	388
Balance at 31 December 2023	20,000	36,614	2,257	57,514	116,385
Balance at 1 January 2024	**20,000**	**36,614**	**2,257**	**57,514**	**116,385**
Profit for the year	**—**	**—**	**—**	**44,947**	**44,947**
Dividend paid	**—**	**—**	**—**	**(32,000)**	**(32,000)**
Share-based payments	**—**	**—**	**1,976**	**—**	**1,976**
Balance at 31 December 2024	**20,000**	**36,614**	**4,233**	**70,461**	**131,308**

30 PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/ registered capital	Attributable equity interest held 2024 %	2023 %	Principal activities
Directly held by the Company:					
CH Development Limited	BVI	US$100	100%	100%	Investment holding
MS Industrial Limited	BVI	US$100	100%	100%	Investment holding
Macro Peak Limited	BVI	US$100	100%	100%	Investment holding
Vison Plus Limited	BVI	US$100	100%	100%	Investment holding
Emerald Infinity Limited	BVI	US$1,000	100%	100%	Investment holding
Indirectly held by the Company:					
Main Success Industrial Limited	Hong Kong	HK$100,000	100%	100%	Design, manufacture and sales of plastic infant and drinkware products and stainless steel sports bottles
On Gain Development Limited	Hong Kong	HK$2	100%	100%	Sales of plastic infant products
MS LLC	US	US$100	100%	100%	Investment holding
Shaoguan Anyu Baby Products Company Ltd* (韶關安裕嬰童用品有限公司) (i)	PRC	RMB22,383,065	100%	100%	Design and sales of plastic infant products
Wengyuanxian Wancheng Plastic Products Company Limited* (翁源縣萬成塑膠制品有限公司) (i)	PRC	HK$50,000,000	100%	100%	Manufacture of plastic infant and drinkware products and stainless steel sports bottles
Kando Life Limited	Hong Kong	HK$100	100%	100%	Sales of water bottle
Kando Life US LLC	US	US$100	100%	100%	Sales of water bottle

* The English translations of company or entity names in Chinese are for identification purpose only.

(i) A limited liability company established in the PRC.

None of the subsidiaries had any debt securities in issue at the end of the year.

GLOSSARY

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

"AGM"	annual general meeting of the Company previously held on 27 May 2024
"Anyu Baby"	Shaoguan Anyu Baby Products Company Limited* (韶關安裕嬰童用品有限公司), a limited liability company established in the PRC on 17 June 2013 and an indirectly wholly owned subsidiary of the Company
"Board"	board of Directors
"BRH2 Plastics, LLC"	BRH2 Plastics, LLC, a company incorporated in Arizona, the U.S. with limited liability on 25 June 2014 and converted to a Delaware limited liability company on 14 January 2021
"CG Code"	Corporate Governance Code as set out in Appendix C1 (previously Appendix 14) to the Listing Rules
"Ching Wai Holdings"	Ching Wai Holdings Limited, a limited liability company incorporated in the British Virgin Islands on 9 March 2017 and wholly owned by Mr. Chau
"close associate(s)"	has the meaning ascribed to it under Rule 1.01 of the Listing Rules
"Company"	MS Group Holdings Limited (萬成集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 9 March 2017
"Countries subject to International Sanctions"	countries regarding which governments such as the United States or Australia, or governmental organisations, such as the European Union or the United Nations, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries
"Director(s)"	director(s) of the Company
"GEM"	GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"International Sanctions"	sanction related laws, regulations and/or measures issued by the United States, the European Union, the United Nations and/or Australia
"Listing"	listing of the Shares on the Main Board
"Listing Date"	1 June 2018, the date on which the Shares were first listed on the Main Board

"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange as amended, modified and supplemented from time to time
"L.V.E.P. Holdings"	L.V.E.P. Holdings Limited, a limited liability company incorporated in the British Virgin Islands on 9 March 2017 and wholly owned by Mr. Chung
"Main Board"	stock market operated by the Stock Exchange prior to the establishment of GEM of the Stock Exchange (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with the GEM of the Stock Exchange
"Main Success"	Main Success Industrial Limited (萬成實業有限公司), a limited liability company incorporated in Hong Kong on 6 March 2007 and an indirect wholly owned subsidiary of the Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (previously Appendix 10) to the Listing Rules
"MPL"	Macro Peak Limited, a limited liability company incorporated in the British Virgin Islands on 26 November 2020 and wholly owned by the Company
"Mr. Chau"	Mr. Chau Ching (周青), one of the controlling Shareholders and an executive Director
"Mr. Chung"	Mr. Chung Kwok Keung Peter (鍾國強), one of the controlling Shareholders and an executive Director
"Ms. Cheung"	Ms. Cheung Hau Ling (張巧玲), the spouse of Mr. Chau
"Ms. Lee"	Ms. Lee Yiu Chee Eugenia (李耀芝), the spouse of Mr. Chung
"MS LLC"	MS LLC, a limited liability company incorporated in the State of Delaware on 1 December 2020 and wholly owned by MPL
"OEM"	original equipment manufacturing
"OEM Business"	business segment principally comprising the production and sales of plastic bottles and cups for infants and toddlers and plastic and stainless steel sports bottles on an OEM basis
"OFAC"	United States Department of Treasury's Office of Foreign Assets Control
"Penghui"	Penghui Qiye (Wengyuan) Company Limited* (鵬輝企業(翁源)有限公司), an entity established in the PRC on 1 August 2005, the equity interest of which is wholly owned by Sharp Success Enterprises Limited, which in turn is owned as to 50% by Mr. Chung and as to 50% by Mr. Chau
"PRC"	the People's Republic of China which for the purposes of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

Glossary

"Production Base"	production plant of the Group situated in Wengyuan County, Shaoguan City, Guangdong Province, the PRC
"Prospectus"	prospectus of the Company dated 21 May 2018 in respect of the Listing
"RMB"	Renminbi, the lawful currency of the PRC
"Sanctioned Persons"	person(s) and identity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the United States, the European Union, the United Nations or Australia
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 15 May 2018
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US" or "United States"	United States of America
"VAT"	value added tax
"Wancheng Plastic"	Wengyuanxian Wancheng Plastic Product Company Limited* (翁源縣萬成塑膠制品有限公司), a limited liability company established in the PRC on 20 April 2007 and an indirect wholly owned subsidiary of the Company
"Yo Yo Monkey Business"	business segment principally comprising the production and sales of infant and toddler products, such as plastic bottles and cups for infants and toddlers, under the brand developed by the Group known as "Yo Yo Monkey (優優馬騮)", principally for the PRC market

* for identification purpose only