



High Fashion International Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 608)



Xiaoshan's WL District - a forward-thinking hub for fashion technology and R&D innovation. This strategic development integrates essential transportation, logistics, and dining facilities within one cohesive ecosystem, creating an ideal environment where fashion-tech businesses can thrive and collaborate.



High Fashion Centre integrates fashion and vitality. Meticulously planned public areas complemented by high-standard management services create a comfortable and harmonious environment for tenants.



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Chairman's Statement

In 2024, global economy and trade have been deeply affected by changes on U.S. politics and administration; policies and tariffs have caused continued intense fluctuations, leading to changes in the trading environment, exchange rates, and interest rates. Facing the current economic outlook where changes are difficult to accurately predict, High Fashion maintains prudent financial management and has always approached challenges with a high degree of crisis awareness. Using a culture of “adapting to changes and advancing rule of law development with the times” to face and handle challenges, High Fashion remains firmly committed to achieving its core objective as a manufacturing enterprise that leads and drives international fashion trends.

Our key results for the year ended 31 December 2024 are as follows:

- Net profit attributable to shareholders at HK\$91.7 million
- Gearing ratio of non-current liabilities to shareholders' fund at 40.2%. Current ratio at 1.2
- Basic earnings per share landed at HK\$0.3
- Net asset value per share amounted to HK\$10.11

Despite facing a challenging world with intense economic markets and complex tariff environments, High Fashion has been strategically planning for future business to create market competitive advantages, investing more resources to build a robust framework for High Fashion's long-term development. In this ever-changing market environment, High Fashion will continue to fully commit and confidently seize every development opportunity, aiming to achieve market breakthroughs and efficiency growth, building an even more excellent High Fashion. For this reason, we recommend not distributing a final dividend.

High Fashion's business development is centered on creating and developing “sustainable products”. We have been fully committed to research and development, including close partnership-style cooperation with major customers, adopting higher quality fibers, bringing functional innovations, and ultimately achieving significant carbon reduction at the product level, driving the green transformation of the fashion industry. At the same time, through “INNOCELL”, we provide customers with a one-stop solution for closed-loop circular economy: from textile waste recycling to fiber regeneration, meeting consumers' demands for sustainable fashion and leading industry innovation. The results we have achieved are encouraging, and we are full of confidence and expectations for future development.

Facing unpredictable tariff issues, High Fashion has already deployed strategies to explore new fashion markets with good development prospects, establishing a better and stronger global market layout. At the same time, we have strengthened our global supply chain network, increased coverage, and helped customers match supply chains. We are also developing and promoting digital transformation in fashion manufacturing, using quality equipment and artificial intelligence to optimize production processes, enhance operational efficiency and agility, create more strategic value for customers, improve and strengthen High Fashion's management capabilities, and consolidate market competitive advantages.

People-oriented development and building high-quality High Fashion personnel and teams into excellent talent is the core company culture for High Fashion's long-term development. We view the current significant and numerous challenges as opportunities for better development. High Fashion elites are more motivated and fully committed to creating a better future for High Fashion and developing more ambitious goals.

Chairman's Statement

The completion of “WL District” marks an important milestone in High Fashion’s development. This high-tech innovation platform will bring stable cash flow to the Group and, while also fostering cross-industry collaborative innovation, gather talent and resources from fashion, technology, and other fields to inspire breakthrough ideas and strengthen core fashion businesses. With this, High Fashion accelerates the transformation toward an intelligent and digital industry chains, further shaping the company into leading enterprise driven by innovation and technology.

Looking to the future where opportunities and challenges coexist, High Fashion is full of confidence. I sincerely thank shareholders, customers, suppliers, banks, and directors for their continued tremendous support and advice. I appreciate the dedication and contributions of the management team and all employees of the Group.

Lam Foo Wah

Chairman

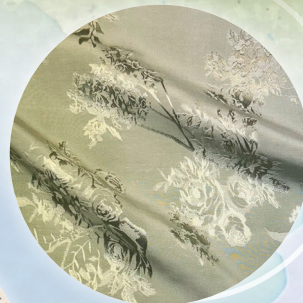
Hong Kong, 31 March 2025



High Fashion Tonglu Silk Culture Expo Centre spans a total floor area of approximately 600,000 square feet and serves as a premier platform for promoting silk cultural heritage through its six distinctive specialized zones. This comprehensive facility creates an integrated environment that fosters industry collaboration and diversified investment opportunities.

High Fashion Xinchang Silk Headquarters – this project seamlessly integrates commercial functions with research and development capabilities, creating a diversified business expansion platform for the Group.





INNOCELL® is made from cotton and other cellulose-rich recycled textile materials. The production process achieves zero waste and continuously reduces carbon emissions while maintaining high quality and being supported by a transparent, traceable supply chain system.

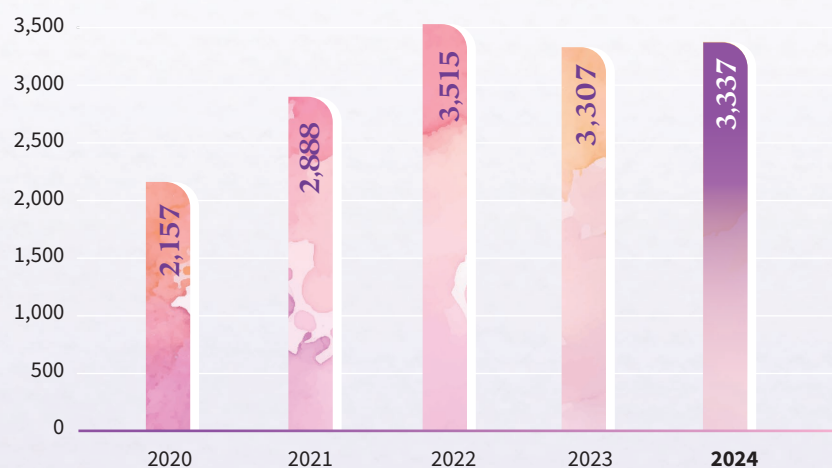
In addition to the solar panel installation projects in Hangzhou and Xinchang, the Dongguan factory has also added solar power generation facilities, demonstrating the Group's firm commitment and long-term dedication to environmental protection and sustainable development.



Financial Highlights

Turnover

(HK\$ million)



Net Asset Value per Share

(HK\$)



Management Discussion and Analysis

BUSINESS REVIEW

In 2024, the global business environment evolved amid multiple challenges: intensifying geopolitical frictions, reconfiguring supply chain resilience, and rapidly changing consumer demand. These pose significant tests for the manufacturing industry. Despite an external environment filled with uncertainty, High Fashion adheres to a management philosophy that pursues both “stable growth” and “innovative breakthroughs” in parallel, consolidating its market position through strategic focus and operational excellence, while precisely seizing growth opportunities in a volatile landscape.

High Fashion centers its strategy on sustainable manufacturing and digital transformation, which serves as the driving force for business development. On one hand, we continue to invest in AI-related technologies to optimize production processes and deepen technological integration. Through intelligent scheduling and integrated supply chain resources, we have significantly enhanced the agility and cost efficiency of our global operations. We have also expanded our customer base in key markets such as Southeast Asia, reinforcing our brand influence.

On the other hand, we have integrated environmental practices deeply into our business model: ranging from R&D for eco-friendly materials and energy-saving process innovations to the establishment of circular manufacturing systems. This holistic approach to green supply chain management has not only earned us multiple international certifications and industry accolades but also strengthened our strategic partnerships with leading global brands, collectively driving industrial change toward sustainable fashion.

“WL District” Industrial Park which located in Hangzhou, serves as a strategic asset of High Fashion, continuing to bring multifaceted value. It not only contributed stable rental income but also became a key platform for technological innovation and cross-sector collaboration. This park has attracted over a hundred high-tech enterprises and top research institutions, forming an ecosystem that integrates research, industry, academics, and application. It creates marked synergy with High Fashion’s core manufacturing business. For example, joint laboratories within the industrial park accelerate the commercialization process of green materials, while digital pilot projects provided practical verification scenarios for intelligent manufacturing transformation, fully supporting the implementation of High Fashion’s sustainability and digitalization strategies.

Looking ahead, we will continue to strengthen the industry impact of sustainable development, reinforce our global presence in emerging markets, and drive digital empowerment with innovative value creation. High Fashion will adhere to a management philosophy of balancing risks and opportunities, using dynamic resource allocation and flexible strategic adjustments to lead the industry amid transformation. We will deliver long-term value that transcends economic cycles to our shareholders, partners, and society, writing a new chapter of high-quality development.

FINANCIAL REVIEW

In 2024, High Fashion’s revenue reached HK\$3,337 million (2023: HK\$3,307 million). Gross profit was HK\$645.7 million, with a gross margin of 19.3% (2023: HK\$692.2 million and 20.9%). The Group will keep striving to control costs and improve operating efficiency in order to reduce production costs. Net profit for 2024 was HK\$95.9 million (2023: HK\$112.8 million).

Geographically, the revenue from the China market in 2024 was HK\$1,935 million, represented for 58.0% of total revenue (2023: HK\$1,945 million, 58.8%). Sales to the United States and European countries amounted to HK\$833 million, representing 25.0% of total revenue (2023: HK\$839 million, 25.4%). High Fashion’s export sales to other regions, mainly Southeast Asian countries reached HK\$569 million, accounting for 17.0% of total revenue (2023: HK\$523 million, 15.8%). Our market diversification strategy has proven effective, especially in Southeast Asia, where we see significant growth opportunities.

Other losses for the year in 2024 was HK\$6.4 million (2023: gains of HK\$10.2 million), which mainly included the fair value losses from investment properties of HK\$7.4 million (2023: gains of HK\$10.4 million).

Management Discussion and Analysis

In 2024, administrative expenses as a percentage of total revenue were 8.6% (2023: 9.0%), while selling and distribution expenses as a percentage of total revenue were 6.1% (2023: 6.7%).

Finance costs decreased from HK\$80.7 million in 2023 to HK\$72.9 million in 2024, primarily due to decreased interest expense on bank borrowings and overdrafts.

As of the end of the 2024 fiscal year, the basic earnings per share was HK\$0.30 (2023: HK\$0.37). Net asset value per share was HK\$10.11 (2023: HK\$10.12).

SEGMENT INFORMATION

The segment information for the year ended 31 December 2024 is as follows:

| | Revenue | | Contribution | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 |
| By principal activities: | | | | |
| Manufacturing and trading of garments | 3,219,982 | 3,189,702 | 144,460 | 162,492 |
| Property investment and development | 116,850 | 117,180 | 19,046 | 23,915 |
| | 3,336,832 | 3,306,882 | 163,506 | 186,407 |
| By geographical segments: | | | | |
| China | 1,934,500 | 1,945,008 | 106,434 | 129,482 |
| USA | 439,783 | 445,973 | 22,450 | 22,575 |
| Europe | 393,211 | 393,077 | 17,981 | 17,103 |
| Others | 569,338 | 522,824 | 16,641 | 17,247 |
| | 3,336,832 | 3,306,882 | 163,506 | 186,407 |

Manufacturing and trading of garments

Revenue from manufacturing and trading of garments business in 2024 was HK\$3,220 million (2023: HK\$3,190 million). Profit in 2024 was HK\$144.5 million (2023: HK\$162.5 million).

High Fashion has integrated multiple sustainability elements into product development and production design, earning strong recognition from domestic and international customers. We continue to improve operating efficiency through process optimization and digital transformation, fostering a customer-centered value loop and enhancing overall customer value.

Property investment and development

Revenue from property investment and development business in 2024 was HK\$116.9 million (2023: HK\$117.2 million).

“WL District” in Hangzhou continued to optimize its portfolio of resident enterprises, attracting high-quality talent and capital into the park. This high-tech industrial platform strengthened our supply chain capabilities while providing stable income. High Fashion’s property investment and development portfolio creates high-value assets, bringing sustainable returns to High Fashion.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

In light of the heightened global concern about the significant impact of climate change on the environment and humanity, the Group continues to uphold its innovative development philosophy and fulfill its role as an industry model. We assist global fashion brands in their transformation and upgrading, actively establish strategic partnerships, and jointly create a closed-loop sustainable fashion cycle model. We are committed to fulfilling our environmental protection commitments through innovative recycling technologies and high-value product development, promoting the transformation and upgrading of the textile industry, and expanding into new markets. This aligns with the national initiative to promote green and low-carbon development, jointly creating a more sustainable world.

In developing green products, the Group combines unique environmental technologies and digital technologies to continuously promote product innovation and research, injecting innovative elements and technology into the supply chain. The Group is committed to incorporating green technologies into new products. For example, the INNOCELL® T2T circular recycled cellulose series not only reduces carbon emissions but also increases supply chain traceability, contributing to mitigating global climate warming. The Group's unremitting efforts have been widely recognized, winning the Annual Brand Award at the "Great National Brand" (「大國品牌」) National Brand Ceremony in 2024, the second prize of the China National Textile and Apparel Council's Science and Technology Progress Award, and being selected for the "National Green Factory" (「綠色工廠」) list, while continuously receiving bluesign® certification internationally.

The Group implements its corporate culture of "People-oriented and Joyful Mind" and "One Heart One Power" by actively fulfilling social responsibilities and promoting social inclusion. The Group holds various warming activities for employees with disabilities, conveying care and support from all levels of the Group and spreading understanding, friendliness, equality, and respect. To improve the health level of female employees, regular female care measures and health knowledge lectures are provided. Additionally, the Group organizes summer parent-child activities for employees to promote family harmony in society and regularly holds staff sports events to promote physical and mental well-being.

The Group has always adhered to upright and honest business ethics and adopts a zero-tolerance attitude toward any form of corruption and fraud. To consolidate a culture of integrity, we regularly organize integrity training for new employees and collaborate with external training institutions to conduct annual anti-corruption training for the board of directors and employees. We also regularly review the Group's "Code of Conduct of Integrity" and whistleblowing policies to update relevant measures. By requiring employees to declare conflicts of interest and promoting the Group's anti-corruption principles to suppliers, we continuously enhance stakeholders' awareness of anti-corruption. We have also established a comprehensive whistleblowing mechanism and grievance channels to ensure high transparency in the Group's operations. In terms of protecting customer rights, the Group strictly complies with privacy protection regulations and has established a comprehensive confidentiality system, including signing confidentiality agreements with stakeholders and strengthening intellectual property protection. We regularly provide relevant training for employees to ensure they fully understand and strictly implement the company's confidentiality measures.

LIQUIDITY AND FINANCIAL RESOURCES

High Fashion's total amount of cash and cash equivalent, short-term deposit and other financial assets at fair value through profit and loss as at 31 December 2024 was HK\$593.8 million (as at 31 December 2023: HK\$875.4 million).

Bank borrowings, mainly denominated in Hong Kong Dollar, have changed from HK\$1,642 million as at 31 December 2023 to HK\$1,600 million as at 31 December 2024. The bank borrowings were primarily allocated for properties construction, development projects and fixed assets investments to develop and upgrade manufacturing plants in Mainland China.

Management Discussion and Analysis

The gearing ratio of non-current liabilities to shareholders' funds was 40.2% as at 31 December 2024 (as at 31 December 2023: 36.9%). Current ratio is 1.2 (as at 31 December 2023: 1.1), revealing that the High Fashion maintains a solid capital base.

Net cash used in operating activities for the year 2024 was HK\$14.1 million, which was mainly due to the operating activities. High Fashion has sufficient banking facilities provided by its bankers together with stable income from the owned properties. The management is confident in maintaining healthy working capital and liquidity to meet operational needs and support future growth.

FOREIGN CURRENCY RISK EXPOSURE

Foreign currency risk exposure is primarily related to RMB and USD since a considerable portion of our operating expenses are denominated in RMB while sales are mainly denominated in USD. High Fashion complies with its policy to monitor foreign currency exchange risk. As HKD is pegged to the USD, High Fashion considers that its foreign currency risk in respect of USD is minimal. The management continues to take prudent measures to reduce risks associated with currency fluctuations.

CHARGES ON ASSETS

The Group pledged property, plant and equipment of HK\$33.1 million, investment properties of HK\$1,867.7 million, unlisted financial products of HK\$10.8 million and certain short-term deposits of HK\$152.7 million (as at 31 December 2023: HK\$34.5 million, HK\$1,862.6 million, HK\$160.1 million and HK\$97.8 million respectively) for bank borrowings.

CAPITAL EXPENDITURE

In 2024, High Fashion invested in enhancing manufacturing capabilities and environmental infrastructure. These strategic investments included advanced automation and intelligent manufacturing systems, eco-friendly facilities, digital transformation initiatives, and plant/equipment upgrades, totaling HK\$94.8 million (2023: HK\$81.6 million). During the reporting period, the Company also invested HK\$39.1 million (2023: HK\$190.2 million) in property development and construction projects. These investments align with our commitment to sustainable manufacturing and digital transformation, while boosting operational efficiency and market competitiveness.

CAPITAL COMMITMENTS

As of 31 December 2024, High Fashion's capital expenditure commitments for contracted but not provided property, plant and equipment acquisitions and construction works amounted to HK\$394.4 million (2023: HK\$375.7 million). These commitments are primarily related to ongoing digital transformation projects, sustainable manufacturing facility upgrades, "WL District" optimization measures, and environmental infrastructure.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group had no material contingent liabilities.

HUMAN RESOURCES

As of 31 December 2024, High Fashion had approximately 5,000 employees (31 December 2023: about 5,000 employees). Management places high importance on employee training and development, providing both face to face and online programs to equip staff with the appropriate knowledge and skills. High Fashion evaluates its staff based on performance, experience, and industry practices. Additionally, we offer competitive compensation packages, including medical subsidies and retirement plan contributions, to reward employees for their contributions. Furthermore, eligible employees may also receive discretionary bonuses based on High Fashion's and individual performance.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. LAM Foo Wah, aged 76, is the founder of the Group. Mr. Lam is the Chairman and the chairman of the Nomination Committee of the Company. He was the Managing Director of the Company until February 2020. He is also a director of various subsidiaries of the Company. Mr. Lam is the visionary leader and provides guidance for the overall strategic planning with goals setting for the Group to pursue aggressively. He has over 40 years of experience in manufacturing of apparel industry and marketing of brand and retail management. Mr. Lam is the father of Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well, the Executive Directors of the Company. Mr. Lam is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited, the substantial shareholders of the Company.

Mr. LAM Gee Yu, Will, aged 42, joined the Group in 2010. Mr. Will Lam is an Executive Director, the chairman of the Risk Management Committee and a member of the Remuneration Committee of the Company. He has been appointed as the Managing Director of the Company since February 2020 and is responsible for the management of all the businesses in the Group. He is also a director of various subsidiaries of the Company. Mr. Will Lam currently serves as a member of the board of directors of the Hong Kong Research Institute of Textiles and Apparel Limited (HKRITA), a president of High Fashion Womenswear Institute, a vice president of Shenzhen Garment Industry Association, a vice president of Hong Kong Hangzhou Entrepreneurs Association, a member of Hong Kong Young Industrialists Council, a member of retail and tourism committee of The Hong Kong General Chamber of Commerce, a member of The Chinese Manufacturers' Association of Hong Kong, a member of The Federation of Hong Kong Garment Manufacturers, a member of the Hong Kong Trade Development Council Garment Advisory Committee and a member of the CreateSmart Initiative Vetting Committee. He holds a Bachelor of Science Degree from The Chinese University of Hong Kong and a Master of Finance Degree from Princeton University. Prior to joining the Group, he worked for an international bank in Asia and an international investment bank in the United States. He is a son of Mr. Lam Foo Wah and a brother of Mr. Lam Din Yu, Well, the Executive Directors of the Company. He is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited, the substantial shareholders of the Company.

Mr. LAM Din Yu, Well, aged 40, joined the Group in 2006. Mr. Well Lam is an Executive Director and has been appointed as the Managing Director (China) of the Company since February 2020. He has been appointed as members of the Nomination Committee and Risk Management Committee of the Company since September 2023. He is also a director of various subsidiaries of the Company. He is responsible for the Group business in the Mainland China, as well as the new business development area. He is currently a member of the Hong Kong Chamber of Commerce in Zhejiang, dean of High Fashion Womenswear Institute and distinguished specialist of Hangzhou Bay Institute. He also represents High Fashion (China) Co., Ltd., a wholly-owned subsidiary of the Company, as a council member of China Dyeing and Printing Association, an executive director of Zhejiang Silk Association, a member of Zhejiang Garment Industry Association, the vice president of Hangzhou Silk Association and a council member of Hangzhou Association for Quality. He holds a Bachelor Degree of Business Administration from Boston University. He is a son of Mr. Lam Foo Wah and a brother of Mr. Lam Gee Yu, Will, the Executive Directors of the Company. He is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited, the substantial shareholders of the Company.

Biographical Details of Directors and Senior Management

Non-executive Director

Ms. LEUNG Wing Man, Mabel, aged 52, has been appointed as a Non-executive Director and a member of the Risk Management Committee of the Company with effect from 2 December 2024. Ms. Leung is a practicing solicitor in Hong Kong. She spent over 20 years at an international law firm before establishing her own law firm in 2021. She is also a director at Hongkong Managers & Secretaries Limited, specializing in legal and compliance matters. Ms. Leung has advised on various commercial transactions, including mergers and acquisitions, joint ventures, and corporate governance. She earned her Bachelor of Laws degree from King's College, London in 1995 and her Postgraduate Certificate in Laws from The University of Hong Kong in 1996.

Independent Non-executive Directors

Mr. CHUNG Kwok Pan, aged 61, joined the Group in July 2019. Mr. Chung is an Independent Non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company. He has been responsible for the business management of Chungweiming Knitting Factory Limited since early 1988. In early 2022 he established Hong Kong Carbon Trading Centre Co., Ltd ("HKCTC") as the Founder & CEO. HKCTC helps all kinds and sizes of industrial companies in how to reduce the carbon emission in order to help the world's climate change. Mr. Chung also has several social positions, including Honorary Life Chairman of Hong Kong Apparel Society, a member of Honorary General Committee of The Chinese Manufacturers' Association of Hong Kong, an advisor of New Territories General Chamber of Commerce, Chairman of Fashion Industry Training Advisory Committee, Education Bureau of the Hong Kong Special Administrative Region and a member of Carbon Market Opportunities Working Group of Financial Services Development Council. Mr. Chung has been appointed as an Adjunct Professor in the department of Government and Public Administration at The Chinese University of Hong Kong since August 2023, an Adjunct Professor in the department of Public and International Affairs of the College of Liberal Arts and Social Sciences at City University of Hong Kong since September 2023 and an Adjunct Professor to the School of Science and Technology of Hong Kong Metropolitan University since May 2024. He was also a member of the 5th and 6th Legislative Council of Hong Kong (Textile and Garment Sector) and a member of the 9th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in 2005. Mr. Chung is an independent non-executive director of Planetree International Development Limited and Legendary Education Group Limited (formerly known as "Legendary Group Limited"), the shares of these companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chung has also served as an independent non-executive director of Esprit Holdings Limited from July 2020 to February 2025, the share which is listed on the Stock Exchange. Mr. Chung obtained a Bachelor's Degree in Quantity Surveying from Robert Gordon's Institute of Technology, Scotland (currently known as "Robert Gordon University, Aberdeen") in July 1986 and a Master's Degree in Business Administration from the University of Stirling, Scotland, United Kingdom in May 1988.

Mr. TONG Hee Keung, Samuel, aged 68, has been appointed as an Independent Non-executive Director, a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company since January 2023. Mr. Tong was the deputy chief executive of Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia") from August 2011 to April 2020. He was responsible for ICBC Asia's Greater Bay Area corporate banking business and Asia Pacific banking business. Mr. Tong holds a Master's Degree in Business Administration from the University of Brunel, United Kingdom. Mr. Tong is an associate member of the Chartered Institute of Bankers. He is also a graduate of the executive programme at Le Centre Europeen d'Education Permanente (CEDEP) in Fontainebleau, France. Mr. Tong has over 30 years of corporate and commercial banking experience.

Biographical Details of Directors and Senior Management

Mr. LAU Yip Shing, *SBS, PDSM*, aged 63, has been appointed as an Independent Non-executive Director, a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company since June 2023. Mr. Lau is a retired civil servant with 34 years of experience in policing. He joined the Hong Kong Police Force in 1984, and retired as Deputy Commissioner of Police (Operations) in 2018. He had versatile command and police administration experience. He rose through the ranks and had worked in frontline formations, Crime Wing, Training Wing, Personnel Wing, Aviation Security Company Limited of Airport Authority, Police Public Relations Branch, Information Systems Wing and Marine Region. He took up the post of Director of Management Services in 2013, Director of Operations in 2014, and eventually Deputy Commissioner of Police (Operations) in 2016. In 2016, the Hong Kong Special Administrative Region Government (“HKSARG”) awarded him the Hong Kong Police Medal for Distinguished Service (“PDSM”) for his outstanding performance and distinguished service in the Hong Kong Police Force. In 2019, the HKSARG further awarded him the Silver Bauhinia Star (“SBS”) as a recognition of his remarkable contribution to Hong Kong throughout his 34 years of dedicated and distinguished service in the Civil Service.

Mr. Lau holds a Master of Science degree in Training and Human Resource Management from Leicester University and attended leadership development and strategic management programs at UC Berkeley, Tsinghua University, Harvard University, and International Management Development Institute.

Mr. WONG Chun Sek, Edmund, *FCCA(Practising), FCA(ICAEW), FCA(CA ANZ), FCCA, FCG, HKFCG, CGP*, aged 40, has been appointed as an Independent Non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee and Risk Management Committee of the Company since September 2023. Mr. Wong has more than 15 years of experience in accounting, taxation and auditing. He joined Deloitte Touche Tohmatsu as an audit associate in September 2007 and left as an audit senior in November 2011. Mr. Wong subsequently joined Patrick Wong C.P.A. Limited as an audit manager in February 2012 and has been its practicing director since March 2013.

Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants of the United Kingdom, The Society of Chinese Accountants and Auditors, The Taxation Institute of Hong Kong, The Hong Kong Independent Non-executive Director Association, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

Mr. Wong is an independent non-executive director of China Merchants Land Asset Management Co., Limited which is the manager of China Merchants Commercial Real Estate Investment Trust (the “Trust”), the Trust is listed on the Stock Exchange. He has been appointed as an independent non-executive director of China Everbright Limited with effect from March 2024, the share which is listed on the Stock Exchange. Mr. Wong has also served as an independent non-executive director of Confidence Intelligence Holdings Limited from September 2019 to December 2024, an independent non-executive director of Deyun Holding Ltd. (now known as “Star Shine Holdings Group Limited”) from December 2020 to September 2022 and an independent non-executive director of InvesTech Holdings Limited from June 2017 to May 2021, the shares of these companies are listed on the Stock Exchange. Mr. Wong is currently a member of the Legislative Council, Election Committee and Disaster Relief Fund Advisory Committee of Hong Kong.

Mr. Wong obtained his Bachelor’s Degree in Accountancy from Hong Kong Baptist University in November 2007, Master of Science in Applied Accounting and Finance Degree from Hong Kong Baptist University in November 2013, Master of Business Administration Degree from The Open University of Hong Kong (now known as “Hong Kong Metropolitan University”) in October 2016, Master of Corporate Governance Degree from The Open University of Hong Kong in August 2017 and Master of Professional Accounting from The Hong Kong Polytechnic University in 2021.

Biographical Details of Directors and Senior Management

Senior Management

Ms. LEUNG Suk Yin, Hilda, aged 68, has been with the Group since its inception. She is the vice chairman of High Fashion (China) Co., Ltd. and a director of various subsidiaries of the Company. Ms. Leung holds a diploma in business management from The Hong Kong Polytechnic University and The Hong Kong Management Association. She has over 40 years of experience in the marketing, merchandising and production of garments.

Mr. RUAN Gen Yao, aged 64, joined the Group in 2001. He is the vice chairman of High Fashion (China) Co., Ltd. He is a politician engineer in China and Labour Model of Hangzhou and the representation of The People's Congress of Tonglu, China. He has over 25 years' experience in silk finishing and dyeing industry and extensive experience in business management.

Mr. LIN Ping, aged 64, joined the Group in 1993. He is the chairman and the CEO of High Fashion Silk (Zhejiang) Co., Ltd. and is responsible for the operation and administration. He serves as vice president of Chinese Textile Enterprisers Association, vice president of China Silk Association, vice president of China Fashion Color Association, vice president of Silk Branch of China Textile Chamber of Commerce, vice president of China Silk Quilt Association, president of China Textile Photography Association, president of Zhejiang Industry Tourism Association, vice president of Zhejiang Textile Association, vice president of Zhejiang Silk Association, vice president of Shaoxing Textile Association, vice president of Shaoxing Tourism Association, representative of 6th and 7th NPC of Shaoxing, representative of 13th, 14th and 15th NPC of Xinchang, council member of China Photographers Association, specialist of China Silk Society, council member of China Silk Museum, creative consultant of Donghua University, professor and tutor for master degree of Wuhan Textile University, part-time professor of Zhejiang Sci-Tech University, honorary professor of Hangzhou Vocational Technical College, visiting professor of Xi'an Polytechnic University and visiting specialist of Kunming University. He was the dean of High Fashion Womenswear Institute. He attains EMBA education and is the senior economist in China. He has over 40 years' experience in textile industry and extensive experience in product design and development, silk weaving production and management.

Report of the Directors

The directors of the Company (the “Director(s)”) present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property investment and development and manufacturing and trading of garments. Details of the principal activities of the principal subsidiaries are set out in note 48 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

Business Review

The business review of the Group for the year ended 31 December 2024, including a fair review of the Group’s business, the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and indication of likely future development in the Group’s business, is set out in the “Chairman’s Statement” and the “Management Discussion and Analysis” sections on pages 2 to 3 and 7 to 10 respectively of this annual report. Details of the Group’s financial risk management are set out in note 41 to the consolidated financial statements. An analysis using financial key performance indicators for the year is set out in the “Financial Summary” section on page 121 of this annual report.

The Group has complied with all the relevant laws and regulations, which have significant impact on the Group’s operation during the year. Details of the Group’s compliance are set out in the “Management Discussion and Analysis” and “Corporate Governance Report” sections on pages 7 to 10 and 25 to 44 respectively of this annual report and the Environmental, Social and Governance Report of the Company.

Discussions on the Group’s environmental policies and performance, relationships with its employees, suppliers and customers are set out in the “Management Discussion and Analysis” section of this annual report and the Environmental, Social and Governance Report of the Company.

Results and Dividends

The Group’s results for the year ended 31 December 2024 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 50 to 120 of this annual report.

An interim dividend of 3.5 HK cents per ordinary share was paid on 4 October 2024. The board of directors of the Company (the “Board”) does not recommend any payment of final dividend for the year ended 31 December 2024 (2023: 12 HK cents per ordinary share).

Report of the Directors

Results and Dividends (Cont'd)

Dividend Policy

The dividend policy of the Company allows shareholders of the Company to participate in its profits whilst preserving adequate reserves and liquidity for the Company's future development.

The Board would consider the following factors before recommendation or declaration of dividends:

- (a) the actual and expected financial performance of the Group;
- (b) the working capital requirements for future business needs and expansion plans of the Group;
- (c) the liquidity position of the Group;
- (d) the retained earnings and distributable reserves of the Group;
- (e) general economic conditions and other internal and external factors which may have an impact on the financial and business performance of the Group; and
- (f) any other factors that the Board deems relevant.

The Board is at its discretion to declare interim dividends. The recommendation of final dividends is subject to the approval of shareholders at general meetings of the Company. The payment of dividends is subject to the restrictions under the Memorandum of Association and Bye-laws of the Company and other applicable laws. Dividends may be distributed in cash or be satisfied wholly or partly in the form of securities of the Company pursuant to the Bye-laws of the Company (the "Bye-laws").

The Board will review the policy from time to time and has absolute and sole discretion to update, amend or modify the policy.

Closure of Register of Members

The Register of Members will be closed from Friday, 6 June 2025 to Tuesday, 10 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to determine shareholders who are entitled to attend and vote at the 2025 AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 5 June 2025.

Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 121 of this annual report. This summary does not form part of the audited consolidated financial statements.

Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 17 to the consolidated financial statements, respectively.

Properties

Details of the properties of the Group held for investment and sale purposes at 31 December 2024 are set out in the section headed “Schedule of Principal Investment Properties” on page 122 of this annual report.

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Distributable Reserves

The Company’s reserves available for distribution as at 31 December 2024 amounted to HK\$261,849,000 (2023: HK\$310,315,000).

Donations

During the year, the Group made charitable and other donations of approximately HK\$455,000 (2023: HK\$255,000). More information about the donations is set out in the Environmental, Social and Governance Report of the Company.

Major Customers and Suppliers

For the year ended 31 December 2024, less than 20% of the Group’s revenue from sales of goods or rendering of services was attributable to the Group’s five largest customers, and less than 20% of the Group’s total purchases were attributable to the Group’s five largest suppliers.

Report of the Directors

Directors

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

Executive Directors:

Mr. Lam Foo Wah
Mr. Lam Gee Yu, Will
Mr. Lam Din Yu, Well

Non-executive Directors:

Mr. Hung Ka Hai, Clement (*Note 1*)
Ms. Leung Wing Man, Mabel (*Note 2*)

Independent Non-executive Directors:

Professor Yeung Kwok Wing (*Note 1*)
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing
Mr. Wong Chun Sek, Edmund

Notes:

1. Mr. Hung Ka Hai, Clement and Professor Yeung Kwok Wing have resigned as a Non-executive Director and an Independent Non-executive Director respectively with effect from 1 January 2025.
2. Ms. Leung Wing Man, Mabel has been appointed as a Non-executive Director with effect from 2 December 2024.

The current Directors' biographical information including their membership at various Board Committees and relationships among the Directors are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. Information on the re-election of the retiring Directors at 2025 AGM is set out in the "Corporate Governance Report" section of this annual report.

Directors' Emoluments

The emoluments of Directors are determined by reference to his/her duties and responsibilities with the Company, the prevailing market condition as well as the performance of the Company's results. Particulars as required to be disclosed pursuant to Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out in note 9 to the consolidated financial statements.

The Company's share option scheme (the "2012 Share Option Scheme") was adopted pursuant to an ordinary resolution passed on 30 May 2012 and expired on 29 May 2022. Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt a new share option scheme (the "2022 Share Option Scheme") for the continuation of providing recognition to the contributions or services of eligible participants. Details are set out in the "Share Option Scheme" section on page 22 of this annual report and note 39 to the consolidated financial statements.

Directors' Service Contracts

No Director proposed for re-election at the 2025 AGM has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Competing Business

During the year, Executive Directors and Non-executive Directors have confirmed that they have no interests in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business which is required to be disclosed pursuant to the Listing Rules.

Directors' Interests in Transaction, Arrangement or Contracts

Other than the related party transactions as disclosed in note 47 to the consolidated financial statements, no Director or any entity connected with him or her had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party at the end of or during the year.

Controlling Shareholder's Interests in Significant Contracts

At no time during the year had the Company or any of its subsidiaries, and the controlling shareholder or any of its subsidiaries entered into any contracts of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Permitted Indemnity Provision

In accordance with the Bye-laws, the Directors and officers of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may sustain or incur in or about the execution of their duty, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has undertaken the Directors and Officers Liability Insurance ("D&O Insurance") to provide such indemnities to the Directors. The permitted indemnity provision in the Bye-laws and the D&O Insurance for the benefit of the Directors are currently in force and was in force throughout this year.

Report of the Directors

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2024, the interests and short positions of the Directors, chief executives of the Company (the "Chief Executives") and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (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 was taken or deemed to have under such provisions of the SFO) or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long Positions in the Shares and Underlying Shares of the Company

(a) Ordinary shares of the Company

| Name of Director | Notes | Capacity | Nature of interests | Number of ordinary shares held | Percentage of the Company's issued share capital (Note 4) |
|------------------|-------|------------------|---------------------|--------------------------------|---|
| Lam Foo Wah | | Beneficial owner | Personal | 1,789,901 | 0.59% |
| | 1, 2 | Other interest | Other | 222,069,460 | 72.66% |

(b) Share options granted by the Company

| Name of Directors | Capacity | Number of underlying shares held pursuant to share options (Note 3) | Percentage of the Company's issued share capital (Note 4) |
|-------------------|------------------|---|---|
| Lam Gee Yu, Will | Beneficial owner | 2,500,000 | 0.82% |
| Lam Din Yu, Well | Beneficial owner | 2,500,000 | 0.82% |

Notes:

- Mr. Lam Foo Wah is deemed to have interests in 170,867,620 ordinary shares which are beneficially owned by Hinton Company Limited, the entire issued share capital of which is held under LFW Vista Trust. Mr. Lam is regarded as a founder of the trust.
- Mr. Lam Foo Wah is deemed to have interests in 51,201,840 ordinary shares which are beneficially owned by High Fashion Charitable Foundation Limited, the entire issued share capital of which is held under LFW Vista Trust. Mr. Lam is regarded as a founder of the trust.
- Particulars of these share options and their movements as at 31 December 2024 are set out in the "Share Option Scheme" section below.
- The issued share capital of the Company is 305,615,420 shares as at 31 December 2024.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Save as disclosed above, as at 31 December 2024, none of the Directors, Chief Executives nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which have been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Furthermore, save as disclosed in the "Share Option Scheme" section below and note 39 to the consolidated financial statements, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders

As at 31 December 2024, the following substantial shareholders, other than Directors and Chief Executives, had the interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to section 336 of SFO:

Long Positions in the Ordinary Shares of the Company:

| Name of shareholders | Notes | Capacity | Number of ordinary shares held | Percentage of the Company's issued share capital (Note 3) |
|--|-------|--------------------|--------------------------------|--|
| Leung Shuk Bing | 1 | Interest of spouse | 223,859,361 | 73.25% |
| Hinton Company Limited | 2 | Beneficial owner | 170,867,620 | 55.91% |
| High Fashion Charitable Foundation Limited | 2 | Beneficial owner | 51,201,840 | 16.75% |

Notes:

- Ms. Leung Shuk Bing is spouse of Mr. Lam Foo Wah and is deemed to have interests in 223,859,361 ordinary shares.
- Such interests have been disclosed as interests of Mr. Lam Foo Wah in the "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
- The issued share capital of the Company is 305,615,420 shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors or Chief Executives, whose interests are set out in the "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" section above, had registered a long or short position in the shares, underlying shares and debentures of the Company that was required to be recorded pursuant to section 336 of the SFO.

Report of the Directors

Share Capital

Details of movements in the Company's share capital during the year, is set out in note 38 to the consolidated financial statements.

No shares of the Company were issued during the year. The Company had no treasury shares.

Share Option Scheme

The Company passed an ordinary resolution at the annual general meeting to adopt 2012 Share Option Scheme for a period of 10 years commencing on the adoption date. The 2012 Share Option Scheme expired on 29 May 2022 and no further option could thereafter be granted. Notwithstanding the expiry of the 2012 Share Option Scheme, the share options which had been granted and not exercised nor lapsed at the date of expiry shall remain valid and exercisable in accordance with the 2012 Share Option Scheme and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt the 2022 Share Option Scheme for the continuation of providing recognition to the contributions or services of eligible participants. Unless otherwise terminated or amended, the 2022 Share Option Scheme will remain in force for 10 years.

The movements in the Company's share options during the year ended 31 December 2024 are disclosed as follows:

| | | | | Number of share options | | | | |
|------------------|-----------------|-------------------------------------|------------------------------------|----------------------------|-------------------------------|---------------------------------|--|------------------------------|
| | | | | As at 1 January 2024 | Granted during the year | Exercised during the year | Lapsed/ cancelled during the year | As at 31 December 2024 |
| Name of grantees | Date of grant | Exercise price per share HK\$ | Exercise period | | | | | |
| Directors | | | | | | | | |
| Lam Gee Yu, Will | 3 December 2018 | 1.76 | 3 December 2019 to 2 December 2028 | 1,250,000 | – | – | – | 1,250,000 |
| | | | 3 December 2020 to 2 December 2028 | 1,250,000 | – | – | – | 1,250,000 |
| | | | | 2,500,000 | – | – | – | 2,500,000 |
| Lam Din Yu, Well | 3 December 2018 | 1.76 | 3 December 2019 to 2 December 2028 | 1,250,000 | – | – | – | 1,250,000 |
| | | | 3 December 2020 to 2 December 2028 | 1,250,000 | – | – | – | 1,250,000 |
| | | | | 2,500,000 | – | – | – | 2,500,000 |
| Total | | | | 5,000,000 | – | – | – | 5,000,000 |

Note:

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Save as disclosed above, no share options of the Company was granted, exercised, lapsed or cancelled during the year.

As at the date of this annual report, no share option has been granted under the 2022 Share Option Scheme. The total number of share options available for issue under the 2022 Share Option Scheme is 30,561,542, representing 10% of the issued share capital of the Company. Further information of the Scheme during the year is set out in note 39 to the consolidated financial statements.

Equity-Linked Agreements

Other than the share option scheme of the Company as disclosed above and note 39 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Pre-Emptive Rights

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

Purchase, Sale or Redemption of the Listed Securities of the Company

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

Related Party Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2024, which do not constitute connected transactions under the Listing Rules are disclosed in note 47 to the consolidated financial statements.

Management Contracts

No contract for 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.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is a sufficiency of public float of the Company's securities as required under the Listing Rules.

Corporate Governance

The Company has applied the principles of, and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024.

Environmental, Social and Governance Report

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix C2 to the Listing Rules will be published on the same date of publication of this annual report.

Report of the Directors

Auditors

The consolidated financial statements for the year ended 31 December 2024 were audited by Deloitte Touche Tohmatsu.

A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditors of the Company and to authorise the Directors to fix their remuneration will be proposed at the 2025 AGM.

ON BEHALF OF THE BOARD

LAM FOO WAH

Chairman

Hong Kong, 31 March 2025

Corporate Governance Report

The board of directors (the “Board” or the “Board of Directors”) and the management of the Company are devoted to pursuing the best corporate governance practices to ensure the effectiveness of the Board with independent, transparent and traceable decision-making processes. Upholding the highest degree of corporate governance standard is an indispensable element for a well-managed organization to (i) maintain a robust risk management and internal control system for improvement of the Group’s performance; (ii) enhance and respect the legitimate interests of the shareholders; and (iii) ensure a long-term sustainable success of the Group. Such practices also align with the corporate cultures and values.

The Company has adopted the corporate governance practices as described in this report to comply with principles of and all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2024.

Cultures and Values

The Board places a high degree of importance on nurturing corporate culture and values to align with business decision-making and strategies for ensuring sustainable development. The Board ensures that every Board member is familiar with the underlying corporate culture and follows such principles in making various decisions. Company culture and values are also delivered clearly on employee handbook and code of conduct for reference and reinforcement of employees when dealing with external parties. Regular sharing are sent to the employees for enabling them to get more familiar with the core values of the Company.

Core spirit, culture and values

The culture of “People-oriented and Joyful Mind”, “Put the Needs of Others before Your Own” and “One Heart One Power” is deeply ingrained in the Company’s governance. The Company has established various regulations and policies with strict monitoring systems to promote and embed the cultural values of “morality”, “virtue”, “honest”, “faith”, “integrity”, “lawfulness” and “managing tomorrow” in daily working. The management are responsible in taking the lead for promoting such values and monitoring the effectiveness of the promotion in cultivating future successors.

The Company prioritizes the well-being and growth of its employees and offers a wide range of training opportunities and platforms to continuously enhance employees’ knowledge and skills, allowing them to excel and thrive in their respective fields. The Company also fosters a culture of selflessness, emphasizing the importance of prioritizing the needs of others and fostering unity. Through culture sharing and cultivation, the Company expects the employees to demonstrate self-discipline, prioritize the Company’s interests, and exhibit a selfless dedication to the Company’s success.

Corporate Governance Report

Cultures and Values (Cont'd)

Anti-corruption and Whistleblowing Policy

The Code of Conduct on Integrity outlining the basic disciplinary behaviors that employees must follow and providing guidance for various situations encountered in the performance of their duties is in place to ensure that the Group's reputation is not compromised by fraud, disloyalty, or corruption. The values of fairness, honesty, and integrity are important culture and business assets for the Group. The relevant policy is updated from time to time to ensure compliance with the latest regulatory updates and regular training is conducted for Directors and employees to enhance their awareness. Clear guidance is also provided in dealing with conflicts of interests and declaration of benefits received from business clients.

The Company's whistleblowing policy encourages employees and business partners to confidentially report any concerns regarding misconduct, policy violations, or fraudulent activities. Complaints can be made to the designated team or through an anonymous suggestion box. Internal audit member within the Ethics Team is responsible to investigate these complaints and provide regular updates to the Audit Committee. Details of such policy with the Code of Conduct on Integrity are regularly provided to the business partners to raise their awareness with acknowledgement.

Sustainable development with environmental protection and community contribution

Apart from pursuing business excellence, the Company actively fulfills the role of a corporate citizen through taking the lead in environmental protection and care to the people in need with establishment of sustainability goals integrated into the business strategy. The Company engages in the use of green raw materials and green product innovation and encourages the use of sustainable products and recycled materials within the Group. In addition, the Company promotes the culture of "Put the Needs of Others before Your Own" through initiating various community programmes to provide help to the disadvantaged and contribute to the growth of the society. Details are disclosed in the 2024 Environmental, Social and Governance ("ESG") Report of the Company.

The Board

The Board is accountable for the operating and financial performance of the Group through directing the strategic business management as well as risk management and internal control of the Group. It leads and supervises the senior management in implementation of business strategies with corporate culture and mission, business and corporate accommodation, compensation policies and succession planning, effective governance and corporate social responsibility. The Board also holds overall responsibility for overseeing the Group's ESG strategy and performance and managing sustainability risks and opportunities. Details of the sustainability governance structure are disclosed in the 2024 ESG Report of the Company.

The Board (Cont'd)

Up to the date of this annual report, the Board comprised a total of eight Directors, including three Executive Directors, one Non-executive Director and four Independent Non-executive Directors. The names of Directors and their positions are as follows:

Executive Directors:

Mr. Lam Foo Wah (*Chairman*)

Mr. Lam Gee Yu, Will (*Managing Director*)

Mr. Lam Din Yu, Well (*Managing Director (China)*)

Non-executive Directors:

Mr. Hung Ka Hai, Clement (*Note 1*)

Ms. Leung Wing Man, Mabel (*Note 2*)

Independent Non-executive Directors:

Professor Yeung Kwok Wing (*Note 1*)

Mr. Chung Kwok Pan

Mr. Tong Hee Keung, Samuel

Mr. Lau Yip Shing

Mr. Wong Chun Sek, Edmund

Notes:

1. Mr. Hung Ka Hai, Clement and Professor Yeung Kwok Wing have resigned as a Non-executive Director and an Independent Non-executive Director respectively with effect from 1 January 2025.
2. Ms. Leung Wing Man, Mabel has been appointed as a Non-executive Director with effect from 2 December 2024.

The current Directors' biographical information including their membership at various Board Committees and relationships among the Directors are set out in the "Biographical Details of Directors and Senior Management" section of this annual report.

An updated list of directors of the Company and their respective roles and functions has been maintained on the websites of the Company and the Stock Exchange.

Ms. Leung Wing Man, Mabel ("Ms. Leung"), who was appointed as a Non-executive Director in December 2024, received the legal advice from an external law firm referred to in Rule 3.09D of the Listing Rules on 4 December 2024. Ms. Leung confirmed her understanding of the obligations as a Director of the Company.

All Directors have entered letters of appointment with the Company, setting out the terms and conditions of their appointment as well as their obligations. With an appointment term of three years, the Non-executive Directors are subject to the retirement and re-election in accordance with the Bye-laws of the Company.

Pursuant to Rule 3.10A of the Listing Rules, listed issuers should appoint independent non-executive directors representing at least one-third of the board. As at the date of this annual report, the Board comprises eight Directors, in which the number of Independent Non-executive Directors represents more than one-third of the Board. One of the four Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

Corporate Governance Report

The Board (Cont'd)

The Board is committed to appointing one female Director by 31 December 2024 to enhance gender diversity within the Board. As at 31 December 2024, approximately 37% and 63% of the Company's workforce (including senior management) was male and female respectively. The Group considers that the current gender ratio of workforce is appropriate after considering current business development in the textile and fashion industry. The Group will continue to take opportunities with the recommendation from the Nomination Committee or the referral from external consultants to identify suitable candidates to further increase the female ratio to maintain gender diversity and equality in terms of the Board and the whole workforce for the expectation of stakeholders and compliance of relevant regulations if appropriate.

Board Independence

The Board recognizes the importance of Board independence in enhancing the effectiveness and decision-making of the Board by providing objective feedback and raising meaningful enquiries to the management for further discussion. Board independence is ensured through different means.

The Nomination Policy and Board Diversity Policy of the Company clearly set out that the independence requirements under the Listing Rules must be considered in nomination of Independent Non-executive Directors. During the financial year, each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent and none of them holds cross-directorships or has any relationships with other Directors or significant links with other Directors through involvement in other companies or bodies.

In addition, Independent Non-executive Directors are not eligible participants for the 2022 Share Option Scheme of the Company adopted in June 2022 and no share options were granted to the Independent Non-executive Directors under the 2012 Share Option Scheme expired in May 2022. No equity-based remuneration with performance-related elements is allowed so as to eliminate any possibility on conflicts of interests. Information about the remuneration of the Directors is set out in note 9 to the consolidated financial statements.

Furthermore, all Directors are entitled to seek advice from the Group Company Secretary or independent professional advisers at the Company's expense to facilitate proper discharge of their duties, which the relevant provisions are set out in the terms of reference of the Board and Board Committees. Directors are encouraged to express independent opinions during the meetings and Independent Non-executive Directors are arranged to have direct discussions with the Chairman of the Board or the auditors of the Company without the presence of executives.

Directors' and Officers' Insurance

Appropriate insurance cover on Directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group. Regular review of the insurance coverage and amount is conducted. During the year, no claims under the insurance policy were made.

Board Meetings

During the year, five regular Board meetings were held for facilitating the function of the Board. The Chairman of the Board (the "Chairman") met with the Independent Non-executive Directors once without the presence of other Directors, which provides a communication channel for the Independent Non-executive Directors to raise any concerns in the aspects of corporate governance, business development or other issues they wish to discuss with the Chairman in the absence of other Directors and the senior management. In any event, all Directors were available for consultation by the management from time to time.

The Board (Cont'd)

Board Meetings (Cont'd)

In order to ensure that the Board is able to fulfill its responsibilities, it has established and delegated specific authority to the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee with specific matters as defined in the respective terms of reference. The main duties and meeting details of these Committees are stipulated on pages 30 to 36 of this annual report.

The Company provides at least 14 days' notices of every Board meeting to all Directors. Board papers are circulated not less than 3 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

During the financial year, the Group Finance Director and the Company Secretary attended the regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors had full access to information on the Group and were able to seek independent professional advice, upon reasonable request and at the expense of the Company, whenever deemed necessary by the Directors. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings.

Directors' attendance records

During the year ended 31 December 2024, details of Directors' attendance at the Board and respective Board Committees meetings and the annual general meeting held on 3 June 2024 (the "2024 AGM") are as follows:

| Name of Directors | Meetings Attended/Held | | | | | 2024 AGM <i>(Note 1)</i> |
|---|------------------------|------------------------------|--------------|------------|-------------------------|-----------------------------|
| | Board | Audit | Remuneration | Nomination | Risk | |
| | | Committee <i>(Note 1)</i> | Committee | Committee | Management Committee | |
| Executive Directors: | | | | | | |
| Mr. Lam Foo Wah | 5/5 | N/A | N/A | 2/2 | N/A | 1/1 |
| Mr. Lam Gee Yu, Will | 5/5 | N/A | 2/2 | N/A | 1/1 | 1/1 |
| Mr. Lam Din Yu, Well | 4/5 | N/A | N/A | 2/2 | 1/1 | 1/1 |
| Non-executive Directors: | | | | | | |
| Mr. Hung Ka Hai, Clement <i>(Note 2)</i> | 5/5 | 3/3 | N/A | N/A | N/A | 1/1 |
| Ms. Leung Wing Man, Mabel <i>(Note 3)</i> | N/A | N/A | N/A | N/A | N/A | N/A |
| Independent Non-executive Directors: | | | | | | |
| Professor Yeung Kwok Wing <i>(Note 2)</i> | 5/5 | 3/3 | 2/2 | 2/2 | 1/1 | 0/1 |
| Mr. Chung Kwok Pan | 5/5 | 2/3 | 2/2 | 2/2 | 1/1 | 1/1 |
| Mr. Tong Hee Keung, Samuel | 5/5 | 3/3 | N/A | 2/2 | 1/1 | 1/1 |
| Mr. Lau Yip Shing | 5/5 | 3/3 | N/A | 2/2 | 1/1 | 1/1 |
| Mr. Wong Chun Sek, Edmund | 5/5 | 3/3 | 2/2 | N/A | 1/1 | 1/1 |

Notes:

- Representatives of the external auditors participated in every Audit Committee meeting and the 2024 AGM.
- Mr. Hung Ka Hai, Clement and Professor Yeung Kwok Wing have resigned as a Non-executive Director and an Independent Non-executive Director respectively with effect from 1 January 2025.
- Ms. Leung Wing Man, Mabel has been appointed as a Non-executive Director with effect from 2 December 2024.

Corporate Governance Report

Chairman and Chief Executive Officer

Managing Directors assume the roles and responsibilities of a chief executive officer of the Company. The roles of the Chairman and the Managing Directors are complementary but distinct and separate with clear division of delegation and accountabilities under check-and-balance mechanism.

The Board, led by the Chairman, is responsible for promoting corporate culture and visions; directing and monitoring the effectiveness of the Group's overall strategies; approving the financial budget; and monitoring the performance of the Group against targets and objectives. The important roles of the Chairman are to provide leadership to the Board, monitor and evaluate Board effectiveness with consideration of Board diversity and independent views from the Independent Non-executive Directors and encourage all Directors to make a full and active contribution to the Board's affairs. The Chairman ensures that all key and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. With the support from Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Management as led by the Managing Directors, is responsible for implementing the strategies approved by the Board in daily operations. The Managing Directors, working with the other Executive Directors and the management team of each business division, regularly draws up business plans for Board approval and reports progress of plan execution to the Board. All Directors have full and free access to the Group's information to ensure informed decision making and have made full and active contribution to the affairs of the Board.

Board Committees

The Board delegates its powers and authorities from time to time to Committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. Four Board Committees have been established and each of them has its specific duties and authorities setting out in its own terms of reference. Written terms of reference, which are in line with the CG Code, of all the Board Committees are available on the website of the Company whereas that of the Audit Committee, the Remuneration Committee and the Nomination Committee are also available on the website of the Stock Exchange. The members of the Board Committees as at the date of this annual report is set out in the "Corporate Information" section of this annual report. The attendance record of members of the Board Committees in 2024 is set out in the "Directors' attendance records" section above.

Each Committee is provided with sufficient resources to perform its duties and where necessary, to seek independent professional advice, at the Company's expense, to perform its responsibility.

Board Committees (Cont'd)

Audit Committee

As at the date of this annual report, the Audit Committee comprises four Independent Non-executive Directors, at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee adopted the terms of reference with reference to the guidelines issued by the Hong Kong Institute of Certified Public Accountants and in accordance with the requirements of the CG Code.

No member of the Audit Committee is a partner or an employee of the auditing firm of the Company, its holding company, its subsidiaries or any of its core connected persons as well as the controlling shareholder of the Company during the two years immediately prior to the date of his appointment.

The main duties of the Audit Committee are set out below:

- (i) to recommend to the Board on the appointment, reappointment and removal of the external auditors, and address any questions of resignation or dismissal of the auditors;
- (ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (iii) to develop and implement policy on the engagement of external auditors to supply non-audit services and ensure such engagement would not impair the independence of external auditors;
- (iv) to monitor integrity of financial statements, annual and interim reports of the Company and accounts, and to review significant financial reporting judgements contained in such reports;
- (v) to review the Company's financial controls, internal control and risk management systems;
- (vi) to review and monitor the effectiveness of the internal audit function;
- (vii) to review the Group's financial and accounting policies and practices; and
- (viii) to review arrangements by which employees of the Company can use in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matter.

Corporate Governance Report

Board Committees (Cont'd)

Audit Committee (Cont'd)

During the year, the Audit Committee held three regular meetings to:

- (a) review the interim and annual financial reports and consolidated financial statements of the Group;
- (b) review with the external auditors and the management on the audit report issued by the external auditors of the Company covering the audit approach and methodology applied in key audit matters;
- (c) review and endorse the changes in accounting and auditing standards;
- (d) review the significant findings and recommendations from the internal audit department and the external auditors of the Company;
- (e) review and approve the internal audit plan of the Group for 2024;
- (f) review and provide supervision of the Group's financial reporting system;
- (g) evaluate the adequacy and effectiveness of the risk management and internal control systems and internal audit functions;
- (h) review the independence of the external auditors of the Company, approve the scope and nature of audit and non-audit services and the 2024 audit fee;
- (i) review the effectiveness of and recommend amendments to the whistleblowing policy of the Group to the Board; and
- (j) review the Restriction on Employment of Audit Firm Employee Policy of the Group.

Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises one Executive Director and two Independent Non-executive Directors.

The main duties of the Remuneration Committee are set out below:

- (i) to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management;
- (ii) to review the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time;
- (iii) to make recommendation to the Board on the remuneration packages of, including benefits in kind, pension rights and compensation payments, of individual Executive Directors and senior management;
- (iv) to make recommendations to the Board on the remuneration of Non-executive Directors; and
- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

Board Committees (Cont'd)

Remuneration Committee (Cont'd)

The Remuneration Committee consulted the Chairman about their proposals relating to remuneration package and other human resources issues of the Directors and senior management of the Company. The emoluments of Directors and senior management are based on the skill, knowledge, time commitment, duties and responsibilities of each Director and senior management and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

During the year, the Remuneration Committee performed the followings and held two meetings to:

- (a) review the policy and structure for all Directors' and senior management's remuneration;
- (b) review the remuneration packages of Executive Directors and senior management and make relevant recommendations to the Board after considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (c) review the Directors' fee of all Directors and made relevant recommendations to the Board; and
- (d) make recommendation to the Board on the remuneration package of Ms. Leung Wing Man, Mabel on her appointment as a Non-executive Director.

Particulars of Directors' emoluments and employees' emoluments for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements.

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises two Executive Directors and three Independent Non-executive Directors.

The main duties of the Nomination Committee are set out below:

- (i) to review the structure, size and composition (including the skills, knowledge, experience, expertise and diversity of perspectives) of the Board to complement the Company's corporate strategy;
- (ii) to make recommendations to the Board on the appointment, re-appointment and succession planning of Directors and senior management, based on merits and having due regard to the benefits of diversity of the Board;
- (iii) to assess the independence of Independent Non-executive Directors; and
- (iv) to conduct regular review on the effectiveness of Board Diversity Policy and Nomination Policy and make relevant recommendations to the Board for any necessary amendments, if appropriate, to achieve Board diversity.

Board Committees (Cont'd)

Nomination Committee (Cont'd)

During the year, the Nomination Committee performed the followings and held two meetings to:

- (a) review the structure, size and composition of the Board;
- (b) assess the independence of the Independent Non-executive Directors;
- (c) make recommendations to the Board in relation to the re-appointment of the retiring Directors at the 2024 AGM;
- (d) discuss and make recommendations to the Board on Board diversity plan;
- (e) review the Board Diversity Policy and Nomination Policy; and
- (f) make recommendations to the Board on the appointment of Ms. Leung Wing Man, Mabel on her appointment as a Non-executive Director and member of the Risk Management Committee.

Nomination Policy

To facilitate the succession planning and refreshment of the Board in the purpose of business development, the Nomination Committee nominates candidates and re-election of Directors on the basis of the Nomination Policy as summarized below:

1. Selection Criteria

The selection of potential candidates is based on the merit and the benefits of diversity on the Board, including but not limited to the following factors:

- (a) Reputation for integrity;
- (b) Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience and length of service;
- (c) Accomplishment and experience in the textile industry and other relevant sectors;
- (d) Commitment in respect of sufficient time, interest and attention to the Company's affairs, taking into account the number of existing listed company directorships and other major appointments;
- (e) Independence criteria as prescribed under Rule 3.13 of the Listing Rules for appointment of an independent non-executive director;
- (f) Capability to make contributions to the Board in achieving success of the Company; and
- (g) Any other factors as may be determined by the Nomination Committee or the Board from time to time.

Board Committees (Cont'd)

Nomination Committee (Cont'd)

Nomination Policy (Cont'd)

2. **Nomination Procedures**

Appointment of Directors

The Nomination Committee identifies and ascertains the integrity, qualification, experience and expertise of the potential candidates based on the selection criteria. The identified candidate should provide the biographical information and other information under the Listing Rules for the review and verification of the Nomination Committee. If the candidate is considered qualified, a nomination proposal will then be submitted to the Board for their consideration. The Board would appoint the candidate to fill a casual vacancy or as an addition to the Board or recommend the candidates to stand for election at a general meeting after consideration and discussion over the qualification of the candidate.

Re-election of Directors

To consider the recommendation on the re-election of the retiring Directors, the Nomination Committee reviews their profile, meeting attendance, participation in the affairs of the Company and performance against the corporate goals and strategies. The Board will make recommendations to the shareholders of the Company for the re-election of Directors at the general meetings in accordance with the advice of the Nomination Committee.

Review of the Nomination Policy

The Nomination Committee reviews the Nomination Policy from time to time to ensure its effectiveness. Any necessary amendments will be recommended to the Board for consideration and approval.

In accordance with Bye-law 84 of the Company's Bye-laws, every Director shall be subject to retirement by rotation at least once every three years and that one-third (or the number nearest to one-third) of the Directors shall retire from office every year at annual general meeting of the Company and being eligible for re-election. Mr. Lam Gee Yu, Will, Mr. Chung Kwok Pan and Mr. Tong Hee Keung, Samuel will retire from office and be eligible to offer themselves for re-election at the annual general meeting of the Company to be held on 10 June 2025 (the "2025 AGM"). In accordance with Bye-law 83(2) of the Company's Bye-laws, Ms. Leung Wing Man, Mabel has been appointed as a Non-executive Director with effect from 2 December 2024 and shall retire at the 2025 AGM and is eligible to offer herself for re-election at the 2025 AGM.

All of the above Directors have offered themselves for re-election at the 2025 AGM. The Nomination Committee recommended to the Board on the re-election of the retiring Directors on the basis of the Nomination Policy and Board Diversity Policy. None of the retiring Directors holds more than seven directorships of other companies. Further details will be set out in the circular to shareholders to be dispatched with this annual report.

The re-election of Directors is conducted through a separate resolution and there is no cumulative voting in Director elections. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Corporate Governance Report

Board Committees (Cont'd)

Nomination Committee (Cont'd)

Board Diversity Policy

The Company recognises that increasing diversity at the Board level is an essential element to attain strategic objectives and thus enhance the balance, quality and sustainability of its performance. The Board Diversity Policy highlights the benefits of a diversified Board and a number of factors including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, time commitment, independence requirement for Independent Non-executive Directors under the Listing Rules and other qualities to be considered in designing the composition of the Board. The Company is committed to maintaining an appropriate level of gender ratio for Board appointments. The Nomination Committee is responsible for the implementation and conducting annual review on this policy.

Risk Management Committee

As at the date of this annual report, the Risk Management Committee comprises two Executive Directors, one Non-executive Director and four Independent Non-executive Directors.

The main duties of the Risk Management Committee are set out below:

- (i) to advise the Audit Committee and the Board on the Group's risk appetite statement(s), risk principles and other risk-related issues;
- (ii) to oversee risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic, environmental and social risks faced by the Group and amend and supplement this from time to time;
- (iii) to review risk reports and breaches of risk tolerances and policies;
- (iv) to review and assess the effectiveness of the Group's risk control/mitigation tools; and
- (v) to review and oversee the environmental and social sustainable development and strategies, evaluate the adequacy and effectiveness of the Group's sustainability and report to the Board the sustainability risks and opportunities.

During the year, the Risk Management Committee met once to discuss the risk exposure facing the Group in various aspects and the corresponding mitigation measures.

Key risk exposures of the Group identified are set out in the "Management Discussion and Analysis" section on pages 7 to 10 of this annual report and note 41 to the financial statements.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties. Specific terms of reference are set out in the Terms of Reference of the Board of the Company and the relevant duties include the following:

1. to develop and review the Company's policies and practices on corporate governance, if appropriate, raise recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Confirmation has been sought from all Directors and they have complied with the required standard set out in the Model Code for the year ended 31 December 2024.

The Company has established the written guidelines on no less exacting terms than the Model Code relating to securities transactions for the relevant employees.

Directors' Continuous Professional Development

Comprehensive orientation packages on the Group's business and structure, terms of reference of the Board and Board Committees, corporate governance practices and policies, Directors' rights and duties and updates on applicable laws, rules and regulations are provided for newly appointed Directors.

To keep abreast of the latest industry trends and practices as well as the risks and opportunities facing the Group, the Directors acknowledge the need to update, refresh and enhance their knowledge and skills necessary for making contributions to the Company. During the year, Directors were invited to attend the seminars and conferences conducted by external industry experts on various topics of interests including anti-corruption training, corporate governance regulatory update, preparation of financial statements, continuing disclosure obligations and updates of environmental, social and governance ("ESG") trends and guidelines. Articles and publication of relevant governance updates are regularly provided to the Directors.

Corporate Governance Report

Directors' Continuous Professional Development (Cont'd)

All Directors have participated in continuous professional development to develop and refresh their skills and knowledge in accordance with Paragraph C.1.4 of the CG Code. The training records of the Directors in 2024 are summarized below:

| Name of Directors | Topics of Training | | | | |
|---|-------------------------|---------------------|-----------------------|--------------------------------------|----------------------|
| | Directors' roles/duties | ESG trends/ updates | Regulatory compliance | Financial reporting/ risk management | Corporate Governance |
| Executive Directors: | | | | | |
| Mr. Lam Foo Wah | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Lam Gee Yu, Will | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Lam Din Yu, Well | ✓ | ✓ | ✓ | ✓ | ✓ |
| Non-executive Directors: | | | | | |
| Mr. Hung Ka Hai, Clement <i>(Note 1)</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Leung Wing Man, Mabel <i>(Note 2)</i> | ✓ | | ✓ | | |
| Independent Non-executive Directors: | | | | | |
| Professor Yeung Kwok Wing <i>(Note 1)</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Chung Kwok Pan | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Tong Hee Keung, Samuel | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Lau Yip Shing | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Wong Chun Sek, Edmund | ✓ | ✓ | ✓ | ✓ | ✓ |

Notes:

1. Mr. Hung Ka Hai, Clement and Professor Yeung Kwok Wing have resigned as a Non-executive Director and an Independent Non-executive Director respectively with effect from 1 January 2025.
2. Ms. Leung Wing Man, Mabel has been appointed as a Non-executive Director with effect from 2 December 2024.

Accountability and Audit

Financial Reporting

The Directors acknowledge their responsibility for overseeing, with support from the Finance Department, the preparation of the consolidated financial statements of the Group.

The Directors are responsible for ensuring that the financial statements were prepared on a “going concern” basis and give a true and fair view of the state of affairs of the consolidated financial position of the Group in accordance with the applicable laws and regulations. In preparing the accounts for the year ended 31 December 2024, the Directors believe that they have selected appropriate accounting policies which are applied in consistency, made judgments and estimates that are prudent and reasonable, and ensured the financial statements are prepared on a “going concern” basis.

The final and interim results of the Company are announced in a timely manner within the limits of three months and two months respectively after the end of the relevant year or period.

A statement by the Auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the “Independent Auditor’s Report” section on pages 45 to 49 of this annual report.

Accountability and Audit (Cont'd)

External Auditors

The Group has engaged Deloitte Touche Tohmatsu to perform audit services for the year ended 31 December 2024. The Group paid or payable to Deloitte Touche Tohmatsu in respect of audit services fee and non-audit services (including interim review, reporting and tax services) amounted to approximately HK\$3,300,000 and HK\$489,000 respectively.

Risk Management

The Board has overall responsibility for maintaining a sound and effective risk management and internal control system (including those for ESG-related risks) and reviewing its effectiveness to safeguard the interests of the shareholders and the Group's assets. The Board is committed to the identification, management and monitoring the nature and extent of risks associated with its business activities and strategic objectives. The Board carries out annual review on the risk management system on the advice of the Risk Management Committee.

Annual review of the Group's risk management covering major operational, financial, business, information system, human resources, ESG and compliance controls of different systems and has been done on a systematic and on-going basis based on the risk assessments of the operations and controls for the year ended 31 December 2024. The adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions is ensured. No major issue but areas for improvement have been identified during the year. The Board, the Audit Committee and the Risk Management Committee considered that the present risk management controls of the Group are reasonably implemented and effective.

In addition, up to the date of approval of the Company's 2024 Annual Report based on the respective assessments made by the management and also taking into account the results of the audit conducted by the external auditors, the Audit Committee and the Directors considered that:

- (i) the risk management and accounting systems of the Group are designed to provide reasonable but not absolute assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with the management's authorization and the financial statements are reliable for publication;
- (ii) the risk management systems of the Group have been implemented with room for improvement and the Group internal audit department has actively conducted follow-up audit for any improvements which were identified; and
- (iii) there is an on-going process in place for identifying, evaluating and managing significant risks faced by the Group.

Internal Control

The Board conducts reviews of the effectiveness of the internal control system for the year ended 31 December 2024 covering all material controls, including financial, operational and compliance controls and risk management functions by considering reviews performed by the Risk Management Committee, Audit Committee, executive management and both the Group internal audit department and external auditors. The Group's system of internal control comprises a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations.

Corporate Governance Report

Accountability and Audit (Cont'd)

Internal Control (Cont'd)

The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The criteria for the Board to assess the effectiveness of the system of internal control are listed below:

(i) Organisational Structure

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been already established.

(ii) Authority and Control

The relevant Executive Directors and the senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. The Board is responsible for handling and dissemination of inside information through discussion and delegation of authority to the Company Secretary.

(iii) Budgetary Control and Financial Reporting

Budgets are prepared annually by the senior management and are subject to review and approval of the Executive Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of consolidated financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

(iv) Systems and Procedures

Systems and procedures are set to identify, measure, manage and control risks including business, compliance, operational, financial and information services risks that may have an impact on the Group and each principal division. Exposure to these risks is monitored by the Executive Directors and the management of the respective principal divisions.

(v) Internal Audit

The Group internal audit department performs independent reviews of the controls and risks identified to provide reasonable assurance to the management of the Group and principal divisions and the Audit Committee that controls have been set in place and adequately addressed.

Accountability and Audit (Cont'd)

Internal Control (Cont'd)

The Group internal audit department monitors compliance with policies and procedures as well as the effectiveness of internal control structures across the Company and the Group. The effectiveness of internal control system is reviewed annually. To preserve the independence of the Group internal audit department, the Group internal audit department reports directly to the Audit Committee. The Group internal audit department plans its internal audit schedules annually in consultation with, but independent of, the management of the Group and the principal divisions. In addition to its agreed annual schedule of work, the Group internal audit department conducts other special reviews as required. As a key criterion of assessing the effectiveness of the internal control system, the Board and the Audit Committee actively monitor the number and seriousness of findings raised by the Group internal audit department and also the corrective actions taken by relevant departments.

According to the 2024 internal audit reports, the Group's internal control system was functioning effectively and there was no significant weakness found in the course of the audits carried out during the year. The Board, through the Audit Committee and the internal audit function, reviewed the effectiveness of the Group's internal control system and is of the view that there were no suspected frauds, irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations that caused the Board to believe that the systems were ineffective or inadequate. The Board is satisfied that the Company and the Group have fully complied with the code provisions on internal control as set forth in the CG Code for the year ended 31 December 2024.

Procedures and internal controls for the handling and dissemination of inside information

The Company has adopted the Corporate Disclosure Policy which provides guidance to the Directors and employees on the procedures for effectively identifying and evaluating any potential inside information or transaction to ensure that such information is promptly and fairly disseminated to the public in accordance with relevant laws and regulations.

The Group complies with the requirements of the Securities and Futures Ordinance and the Listing Rules in the disclosure of inside information to the public as soon as reasonably practicable unless it is exempted under the Information Disclosure Provisions. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. Where the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group ensures that the information contained in an announcement be accurate and complete in all material respects and not be misleading or deceptive, and there are no omissions that would make the information misleading. The information would be presented in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Company Secretary

Ms. Cheuk Chui King ("Ms. Cheuk"), the Company Secretary and Group Finance Director, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman and is responsible for ensuring that Board procedures and all applicable rules and regulations are followed as well as bridging the information flows and communications among all Directors, the management and shareholders. For the year ended 31 December 2024, Ms. Cheuk has complied with Rule 3.29 of the Listing Rules by taking required hours of relevant professional training.

Corporate Governance Report

Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Communication with Shareholders

The Board recognises the importance of communication with our shareholders to facilitate their understanding of the Group's prospects and business. The Shareholders Communication Policy sets out the Company's processes to provide shareholders and investment public with equal and timely information on the Company for them to make informed assessments of the Company's strategy, operations and financial performance.

General Meeting

Holding general meetings is a means to establish constructive dialogue with shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meeting in person. The process of the Company's general meeting will be reviewed from time to time to ensure the compliance with the relevant requirements of the Listing Rules and the relevant legislations.

At the 2024 AGM held:

- (i) A separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of Directors.
- (ii) The Chairmen of the Board and respective Committees as well as the Committee members and key executives of the Company, attended the 2024 AGM to address shareholders' queries.
- (iii) External auditors attended the 2024 AGM and were available to assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.
- (iv) All resolutions were voted by poll according to Rule 13.39(4) of the Listing Rules and Bye-law 66 of the Bye-laws of the Company. Tricor Secretaries Limited (now known as Tricor Investor Services Limited), the Company's Hong Kong branch share registrar and transfer office, was engaged as scrutineer to ensure the votes were properly counted.

The poll results of the 2024 AGM are available on the websites of the Stock Exchange and the Company.

The 2025 AGM will be held at 11/F, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Tuesday, 10 June 2025 at 11:00 a.m. All the proposed resolutions will be voted by poll pursuant to the Listing Rules. Notice of the 2025 AGM, which constitutes part of a circular to shareholders, will be dispatched together with this annual report and the proxy form. The poll results of the 2025 AGM will be published on the websites of the Stock Exchange and the Company shortly after the conclusion of the 2025 AGM.

For the interests of health and safety of the shareholders, all the shareholders are reminded that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the 2025 AGM as an alternative to attending the meeting in person. Pre-cautionary measures may be implemented in accordance with the legislations and guidelines to ensure safety of every attendee and may issue further announcement on such measures or meeting arrangement as appropriate.

Communication with Shareholders (Cont'd)

Shareholders' Rights

Procedures for shareholders convening meetings

The Company holds a general meeting as its annual general meeting every year. Each general meeting, other than annual general meeting, shall be called a special general meeting ("SGM").

Pursuant to Bye-law 58 of the Company's Bye-Laws, shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition. The written requisition must be deposited at the Company's head office and principal place of business in Hong Kong, for the attention of the Company Secretary.

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the Bermuda Companies Act 1981.

Procedures for shareholders putting forward proposals

Pursuant to the Bermuda Companies Act 1981, shareholder(s) of the Company representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at general meeting, by sending a written requisition to the Board at the Company's head office and principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

Procedures for shareholders nominating Directors

Pursuant to Bye-law 85 of the Company's Bye-Laws, any shareholder, shall at all times have the right, to propose a person other than a retiring Director of the Company for election as a Director at a general meeting of the Company. The Company's procedures for shareholders to propose a person for election as a Director are available on the Company's website.

Corporate Governance Report

Communication with Shareholders (Cont'd)

Investor Relations

The Company has adopted and regularly reviews Shareholders Communication Policy to ensure that the views and concerns raised by the shareholders are properly addressed. The Company has established different communication channels with shareholders and investors: (i) shareholders can receive printed or electronic copies of corporate information and correspondence; (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; (iv) the Company's Hong Kong branch share registrar and transfer office serve the shareholders respecting all share registration matters; and (v) investor/analysts briefings and media interviews and marketing activities for investors will be available where necessary to facilitate communication between the Company and the investment public.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and it is satisfied that the policy implemented during the year is effective with multiple communication channels in place. The Shareholders Communication Policy is reviewed annually by the Board to ensure its effectiveness and amendments shall be adopted if appropriate.

Shareholders may also send their enquiries in writing to the Company's head office and principal place of business in Hong Kong by email to compsec@highfashion.com.hk for the attention of the Company Secretary.

Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents, together with the latest corporate information are also made available on the Company's website. The corporate information and shareholders & investor relation information is set out on pages 123 to 124 of this annual report.

Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of High Fashion International Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 50 to 120, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

Key Audit Matters (Cont'd)

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| Valuation of investment properties <p>We identified valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgment and estimate associated with determining the fair value.</p> <p>The Group's investment properties portfolio comprises office properties, retail premises and commercial complex. The carrying value of the Group's investment properties amounted to approximately HK\$3,401,188,000 as at 31 December 2024.</p> <p>The decrease in fair value recognised in profit or loss in respect of these investment properties was approximately HK\$7,359,000 for the year ended 31 December 2024, as disclosed in Note 7 to the consolidated financial statements.</p> <p>All of the Group's investment properties are measured using the fair value model based on a valuation performed by independent qualified professional valuers (the "Valuers"). As disclosed in Notes 4 and 17 to the consolidated financial statements, in determining the fair value, the Valuers have applied a market value basis that involves, inter-alia, certain estimates, including comparable market transaction prices, development costs and appropriate capitalisation rates.</p> | <p>Our procedures in relation to valuation of investment properties as at year end date included:</p> <ul style="list-style-type: none">evaluating the competence, capabilities, and objectivity of the Valuers and obtaining an understanding of the Valuers' scope of work and their terms of engagement;involving our internal valuation expert to evaluate the appropriateness of the valuation methodology and the reasonableness of the key estimates such as comparable market transaction prices, development costs and appropriate capitalisation rates used in the valuation models, on sampling basis and based on market data; andassessing the adequacy of the disclosures of the fair value measurement of investment properties including the fair value measurement hierarchy, the valuation technique and significant unobservable inputs in the consolidated financial statements. |

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

Other Information

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

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

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

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

In preparing the consolidated financial statements, the directors 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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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.

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group 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.

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

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

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 the independent auditor's report is Yim Ka Wai.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

| | NOTES | 2024 HK\$'000 | 2023 HK\$'000 |
|---|-------|--------------------|------------------|
| Revenue | | | |
| Goods and services | | 3,219,982 | 3,189,702 |
| Rental | | 116,850 | 117,180 |
| Total revenue | 5 | 3,336,832 | 3,306,882 |
| Cost of sales and services | | (2,691,147) | (2,614,729) |
| Gross profit | | 645,685 | 692,153 |
| Other income | | 34,677 | 33,597 |
| Other gains and losses, net | 7 | (6,412) | 10,193 |
| Impairment losses under expected credit loss model, net of reversal | 41 | 135 | 7,804 |
| Administrative expenses | | (285,974) | (298,417) |
| Selling and distribution expenses | | (202,430) | (222,379) |
| Finance costs | 8 | (72,909) | (80,706) |
| Profit before taxation | | 112,772 | 142,245 |
| Income tax expense | 10 | (16,845) | (29,415) |
| Profit for the year | 11 | 95,927 | 112,830 |
| Other comprehensive (expense) income | 12 | | |
| Items that will not be reclassified to profit or loss: | | | |
| Exchange differences on translation of financial statements to presentation currency | | (46,778) | (121,270) |
| Revaluation on properties upon transfer from property, plant and equipment to investment properties | | - | 20,542 |
| Income tax relating to items that will not be reclassified to profit or loss | | - | (3,081) |
| Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI") | | (5,000) | (5,800) |
| | | (51,778) | (109,609) |
| Item that may be subsequently reclassified to profit or loss: | | | |
| Exchange differences arising on translation of financial statements of foreign operations | | 2 | 433 |
| Other comprehensive expense for the year, net of tax | | (51,776) | (109,176) |
| Total comprehensive income for the year | | 44,151 | 3,654 |
| Profit (loss) for the year attributable to: | | | |
| Owners of the Company | | 91,681 | 113,662 |
| Non-controlling interests | | 4,246 | (832) |
| | | 95,927 | 112,830 |
| Total comprehensive income (expense) for the year attributable to: | | | |
| Owners of the Company | | 39,905 | 4,486 |
| Non-controlling interests | | 4,246 | (832) |
| | | 44,151 | 3,654 |
| Earnings per share | 14 | | |
| Basic | | HK\$0.30 | HK\$0.37 |
| Diluted | | HK\$0.30 | HK\$0.37 |

Consolidated Statement of Financial Position

At 31 December 2024

| | NOTES | 2024 HK\$'000 | 2023 HK\$'000 |
|--|-------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | 15 | 481,401 | 453,898 |
| Right-of-use assets | 16 | 47,978 | 53,717 |
| Investment properties | 17 | 3,401,188 | 3,415,751 |
| Interests in joint ventures | 18 | 7,557 | 7,557 |
| Interest in an associate | 19 | 21,624 | – |
| Equity instruments at fair value through other comprehensive income (“FVTOCI”) | | 5,616 | 10,616 |
| Deferred tax assets | 20 | 12,756 | 3,641 |
| Other non-current assets | 21 | 34,802 | 67,270 |
| Long-term bank deposits | 28 | – | 40,857 |
| | | 4,012,922 | 4,053,307 |
| Current assets | | | |
| Inventories | 22 | 497,911 | 435,749 |
| Properties held for sale | 23 | 208,834 | 159,145 |
| Trade receivables | 24 | 647,083 | 633,289 |
| Deposits, prepayments and other receivables | 25 | 213,127 | 187,403 |
| Amounts due from joint ventures | 26 | 5,395 | 5,395 |
| Derivative financial instruments | 35 | – | 280 |
| Other financial assets at fair value through profit or loss (“FVTPL”) | 27 | 25,652 | 254,118 |
| Short-term bank deposits and balances | 28 | 234,480 | 63,550 |
| Cash and cash equivalents | 29 | 333,643 | 557,722 |
| | | 2,166,125 | 2,296,651 |
| Current liabilities | | | |
| Trade payables | 30 | 675,878 | 695,835 |
| Other payables and accruals | 31 | 233,147 | 345,550 |
| Lease liabilities | 32 | 4,072 | 4,049 |
| Amount due to an associate | 33 | 691 | 694 |
| Contract liabilities | 34 | 101,054 | 91,818 |
| Tax payable | | 53,847 | 62,147 |
| Derivative financial instruments | 35 | 3,749 | 3,195 |
| Bank borrowings | 36 | 763,863 | 900,107 |
| | | 1,836,301 | 2,103,395 |
| Net current assets | | 329,824 | 193,256 |
| Total assets less current liabilities | | 4,342,746 | 4,246,563 |

Consolidated Statement of Financial Position

At 31 December 2024

| | NOTES | 2024 HK\$'000 | 2023 HK\$'000 |
|--|-------|------------------|------------------|
| Non-current liabilities | | | |
| Deferred tax liabilities | 20 | 335,346 | 323,731 |
| Bank borrowings | 36 | 836,065 | 742,146 |
| Lease liabilities | 32 | 1,862 | 5,258 |
| Provision for long service payments | 37 | 2,994 | 3,074 |
| Deferred income | | 5,687 | 6,833 |
| Other liabilities | 43 | 69,734 | 71,244 |
| | | 1,251,688 | 1,152,286 |
| Net assets | | 3,091,058 | 3,094,277 |
| Capital and reserves | | | |
| Share capital | 38 | 30,562 | 30,562 |
| Share premium and reserves | | 3,085,823 | 3,093,288 |
| Equity attributable to owners of the Company | | 3,116,385 | 3,123,850 |
| Non-controlling interests | | (25,327) | (29,573) |
| Total equity | | 3,091,058 | 3,094,277 |

The consolidated financial statements on pages 50 to 120 were approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

LAM GEE YU, WILL
DIRECTOR

LAM DIN YU, WELL
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | Attributable to non-controlling interests | |
|---|---------------------------------------|---------------------------|---------------------------------|---------------------------------------|---|----------------------------|--|-----------------------------------|---------------------------|------------------------------|---|--------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Translation reserve HK\$'000 | Reserve funds HK\$'000 (note i) | Property revaluation reserve HK\$'000 (note ii) | FVTOCI reserve HK\$'000 | Capital redemption reserve HK\$'000 | Share options reserve HK\$'000 | Other reserve HK\$'000 | Retained profits HK\$'000 | Subtotal HK\$'000 | Total HK\$'000 |
| At 1 January 2023 | 30,562 | 287,656 | 176,573 | 102,870 | 420,935 | 15,893 | 8,511 | 1,914 | 39,853 | 2,081,967 | 3,166,734 | (28,741) 3,137,993 |
| Profit (loss) for the year | - | - | - | - | - | - | - | - | - | 113,662 | 113,662 | (832) 112,830 |
| Exchange differences arising on translation of financial statements to presentation currency | - | - | (121,270) | - | - | - | - | - | - | - | (121,270) | - (121,270) |
| Revaluation on properties upon transfer from property, plant and equipment to investment properties | - | - | - | - | 20,542 | - | - | - | - | - | 20,542 | - 20,542 |
| Income tax relating to items that will not be reclassified | - | - | - | - | (3,081) | - | - | - | - | - | (3,081) | - (3,081) |
| Fair value loss on equity instruments at FVTOCI | - | - | - | - | - | (5,800) | - | - | - | - | (5,800) | - (5,800) |
| Exchange differences arising on translation of financial statements of foreign operations | - | - | 433 | - | - | - | - | - | - | - | 433 | - 433 |
| Other comprehensive (expense) income for the year | - | - | (120,837) | - | 17,461 | (5,800) | - | - | - | - | (109,176) | - (109,176) |
| Total comprehensive (expense) income for the year | - | - | (120,837) | - | 17,461 | (5,800) | - | - | - | 113,662 | 4,486 | (832) 3,654 |
| Transfer to reserve funds | - | - | - | 10,511 | - | - | - | - | - | (10,511) | - | - - |
| Dividends declared and paid in cash (Note 13) | - | - | - | - | - | - | - | - | - | (47,370) | (47,370) | - (47,370) |
| At 31 December 2023 | 30,562 | 287,656 | 55,736 | 113,381 | 438,396 | 10,093 | 8,511 | 1,914 | 39,853 | 2,137,748 | 3,123,850 | (29,573) 3,094,277 |

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | Attributable to non-controlling interests | |
|--|---------------------------------------|------------------------|------------------------------|---------------------------------|---|-------------------------|-------------------------------------|--------------------------------|------------------------|---------------------------|---|--------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Translation reserve HK\$'000 | Reserve funds HK\$'000 (note i) | Property revaluation reserve HK\$'000 (note ii) | FVTOCI reserve HK\$'000 | Capital redemption reserve HK\$'000 | Share options reserve HK\$'000 | Other reserve HK\$'000 | Retained profits HK\$'000 | Subtotal HK\$'000 | Total HK\$'000 |
| At 1 January 2024 | 30,562 | 287,656 | 55,736 | 113,381 | 438,396 | 10,093 | 8,511 | 1,914 | 39,853 | 2,137,748 | 3,123,850 | (29,573) 3,094,277 |
| Profit (loss) for the year | - | - | - | - | - | - | - | - | - | 91,681 | 91,681 | 4,246 95,927 |
| Exchange differences arising on translation of financial statements to presentation currency | - | - | (46,778) | - | - | - | - | - | - | - | (46,778) | - (46,778) |
| Fair value loss on equity instruments at FVTOCI | - | - | - | - | - | (5,000) | - | - | - | - | (5,000) | - (5,000) |
| Exchange differences arising on translation of financial statements of foreign operations | - | - | 2 | - | - | - | - | - | - | - | 2 | - 2 |
| Other comprehensive (expense) income for the year | - | - | (46,776) | - | - | (5,000) | - | - | - | - | (51,776) | - (51,776) |
| Total comprehensive (expense) income for the year | - | - | (46,776) | - | - | (5,000) | - | - | - | 91,681 | 39,905 | 4,246 44,151 |
| Transfer to reserve funds | - | - | - | 11,188 | - | - | - | - | - | (11,188) | - | - - |
| Dividends declared and paid in cash (Note 13) | - | - | - | - | - | - | - | - | - | (47,370) | (47,370) | - (47,370) |
| | - | - | - | 11,188 | - | - | - | - | - | (58,558) | (47,370) | - (47,370) |
| At 31 December 2024 | 30,562 | 287,656 | 8,960 | 124,569 | 438,396 | 5,093 | 8,511 | 1,914 | 39,853 | 2,170,871 | 3,116,385 | (25,327) 3,091,058 |

Notes:

- As stipulated by the relevant laws and regulations of the mainland of the People's Republic of China (the "Mainland China"), before distribution of the profit each year, the subsidiaries established in the Mainland China with limited liability shall set aside 10% of their net profit to the statutory surplus reserve. The statutory surplus reserve can only be used upon approval by the board of directors of the relevant subsidiaries and by the relevant authority, to offset accumulated losses or increase capital.
- Property revaluation reserve represents the revaluation reserve arising upon the transfer of owner-occupied property and right-of-use assets to investment property, net of deferred tax. The property revaluation reserve will be transferred to retained profits when the relevant properties are disposed.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit before taxation | 112,772 | 142,245 |
| Adjustments for: | | |
| Impairment losses under expected credit loss model, net of reversal | (135) | (7,804) |
| Finance costs | 72,909 | 80,706 |
| Interest income | (12,977) | (24,421) |
| Decrease (increase) in fair value of investment properties | 7,359 | (10,449) |
| Depreciation of property, plant and equipment | 60,066 | 66,493 |
| Depreciation of right-of-use assets | 5,812 | 6,002 |
| Loss on disposal of property, plant and equipment, net | 1,489 | 1,396 |
| Fair value change of derivative financial instruments | (2,253) | 12,027 |
| Fair value change of other financial assets at FVTPL | (437) | (253) |
| Operating cash flows before movements in working capital | 244,605 | 265,942 |
| Increase in inventories | (69,717) | (22,020) |
| Increase in properties held for sale | (52,941) | (67,060) |
| Increase in trade receivables | (20,310) | (102,226) |
| Decrease (increase) in deposits, prepayments and other receivables | 3,204 | (31,528) |
| (Decrease) increase in trade payables | (2,945) | 252,048 |
| (Decrease) increase in other payables and accruals | (106,113) | 20,700 |
| Increase in contract liabilities | 10,849 | 1,542 |
| Decrease in provision for long service payments | (80) | – |
| (Decrease) increase in other liabilities | (54) | 5,145 |
| Decrease in deferred income | (1,282) | (174) |
| Net cash from operations | 5,216 | 322,369 |
| Hong Kong Profits Tax paid | (9,468) | (34,795) |
| Mainland China withholding tax paid | (11,002) | (11,324) |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES | (15,254) | 276,250 |

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| INVESTING ACTIVITIES | | |
| New short-term bank deposits and balances placed | (184,925) | (222,434) |
| Withdrawal of short-term bank deposits and balances | 54,406 | 267,601 |
| Purchases of other financial assets at FVTPL | (20,198) | (657,607) |
| Redemption of other financial assets at FVTPL | 243,628 | 735,321 |
| Interests received | 12,318 | 23,490 |
| Purchases of property, plant and equipment | (94,766) | (81,642) |
| Settlement of derivative financial instruments | 3,087 | 3,728 |
| Proceeds on disposal of property, plant and equipment | 2,427 | 3,053 |
| Additions to investment properties | (39,126) | (190,222) |
| Additions of investment in an associate | (21,624) | – |
| NET CASH USED IN INVESTING ACTIVITIES | (44,773) | (118,712) |
| FINANCING ACTIVITIES | | |
| New bank borrowings raised | 1,995,580 | 898,566 |
| Repayment of bank borrowings | (2,022,633) | (957,322) |
| Interests paid | (76,756) | (86,545) |
| Dividends paid by the Company | (47,370) | (47,370) |
| Repayment of lease liabilities | (4,252) | (4,275) |
| NET CASH USED IN FINANCING ACTIVITIES | (155,431) | (196,946) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (215,458) | (39,408) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 557,722 | 611,250 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET | (8,621) | (14,120) |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 333,643 | 557,722 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances and cash | 333,643 | 557,722 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. General

High Fashion International Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed on page 123 to the annual report.

At 31 December 2024, Hinton Company Limited (55.91%) and High Fashion Charitable Foundation Limited (16.75%), companies ultimately owned by Mr. Lam Foo Wah (“Mr. Lam”), the Chairman of the Company, and Mr. Lam (0.59%), collectively own 73.25% of ordinary shares of the Company and collectively hold the same percentage of the voting rights of the Company. Accordingly, Mr. Lam is considered as the ultimate controlling party of the Company. In opinion of the directors of the Company, Hinton Company Limited, which is incorporated in the British Virgin Islands (“BVI”), is considered as immediate and ultimate holding company of the Company.

The functional currency of the Company is Renminbi (“RMB”), the currency of the primary economic environment in which its major subsidiaries operate. For the purpose of the preparation of consolidated financial statements and convenience of the financial statements users, the consolidated results and financial position of the Company and its subsidiaries (the “Group”) are presented in Hong Kong dollars (“HK\$”).

The Company acts as investment holding company. The principal activities of the Group are the manufacture and trading of garments, as well as property investment and development.

2. Application of New and Amendments to HKFRS Accounting Standards

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. Application of New and Amendments to HKFRS Accounting Standards (Cont'd) New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. Application of New and Amendments to HKFRS Accounting Standards (Cont'd) New and amendments to HKFRS Accounting Standards in issue but not yet effective (Cont'd)

HKFRS 18 *Presentation and Disclosure in Financial Statements*

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

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

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Basis of consolidation (Cont'd)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue from contracts with customers

The Group recognises revenue at a point in time when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services (or a bundle of goods or services that is distinct or a series of distinct goods or services) that is transferred to the customer.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Leases" ("HKFRS 16") at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset mainly includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, and
- any initial direct costs incurred by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Right-of-use assets (Cont'd)

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties” and “properties held for sale” respectively.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease and is presented in “Revenue” on the consolidated statement of profit or loss and other comprehensive income when it is derived from the Group’s ordinary course of business.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments

Financial assets

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15").

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets

Financial assets of the Group that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other financial assets of the Group are subsequently measured at either FVTOCI or FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and subsequent measurement of financial assets (Cont'd)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and other receivables, customs deposit, amounts due from joint ventures, long-term bank deposits, short-term bank deposits and balances and bank balances) and lease receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and lease receivables. The ECL on trade and lease receivables, which are not credit-impaired, are grouped by internal credit rating and are assessed collectively while individually for those which are credit impaired.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 (Cont'd)

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

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

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information that demonstrates that a more lagging default criteria is more appropriate.

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any subsequent recoveries are recognised in profit or loss.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, amount due to an associate and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Otherwise, it is presented as current assets or current liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "translation reserve" (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits as an expense expected to be paid as and when employees have rendered service entitling them to the contributions unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Retirement benefit costs

Payments to defined contribution retirement benefit plans (including payments to the Mandatory Provident Fund Schemes and state-managed retirement benefit schemes) are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Taxation (Cont'd)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Research expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash in hand and deposits held at call with banks; and
- (b) cash equivalents, which comprises of other short-term (generally with original maturities of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Properties held for sale

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition from sale of garments with no alternative use

Under HKFRS 15.35(c), control of an asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, or otherwise at a point in time upon customer obtains control of that asset. Significant judgment is required in determining whether the terms of the Group's contracts with customers create an enforceable right to payment for the Group. The Group has considered the contractual terms with the relevant customers, the laws that apply to the relevant contracts for sale of garments with no alternative use and the opinion from external legal counsel. Based on the assessment of the directors of the Company, the terms of these sales contracts do not create an enforceable right to payment to the Group, and accordingly, sale of garments with no alternative use is considered to be performance obligation satisfied at a point in time.

Deferred taxation on investment properties

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties in Hong Kong are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time (rather than through sale) while those in Mainland China is to recover their carrying amounts through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have rebutted and not rebutted the presumptions that the carrying amounts of investment properties in Hong Kong and Mainland China, respectively, measured using the fair value model are recovered entirely through sale. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties both in Mainland China and Hong Kong during the year to reflect the tax consequences through consuming the inherent economic benefits through use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Cont'd)

Critical judgments in applying accounting policies (Cont'd)

Significant influence over Hangzhou Huanyu Technology Co., Ltd. ("Hangzhou Huanyu")

Note 19 describes that Hangzhou Huanyu is an associate of the Group although the Group has 12.13% ownership interest and 20% voting power in Hangzhou Huanyu. The directors of the Company assessed whether the Group has control over Hangzhou Huanyu based on whether the Group has the practical ability to direct the relevant activities of Hangzhou Huanyu unilaterally. In making the judgement, the directors of the Company considered the Group's right to appoint one out of the five directors of Hangzhou Huanyu under the articles of association of Hangzhou Huanyu. According to the articles of association of Hangzhou Huanyu, the resolutions for the relevant activities require approval by simple majority of the board members. After assessment, the directors of the Company concluded that the Group is able to exercise significant influence over Hangzhou Huanyu.

Key sources of estimation uncertainty

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

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves, inter-alia, certain estimates including comparable market transaction prices, development costs and appropriate capitalisation rates, which are set out in Note 17.

In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions. Whilst the Group considers valuations of the Group's investment properties are the best estimates, changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, the carrying amount of the Group's investment properties is HK\$3,401,188,000 (2023: HK\$3,415,751,000).

Provision of ECL for trade receivables

The debtors which are not credit-impaired are grouped by internal credit rating and assessed collectively. Debtors which are credit impaired are assessed individually. The provision rates are based on the Group's historical default rates and forward-looking information that is reasonable, supportable and available without undue cost or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. As at 31 December 2024, the carrying amount of the Group's trade receivables is HK\$647,083,000 (net of allowance for credit losses of HK\$9,554,000) (2023: HK\$633,289,000 (net of allowance for credit losses of HK\$9,662,000)). The information about the ECL and the Group's trade receivables is disclosed in Note 41.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. Revenue

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Revenue from contracts with customers in respect of sales of garments, fabrics and accessories recognised at a point in time under HKFRS 15 | 3,219,982 | 3,189,702 |
| Rental income recognised under HKFRS 16 | 116,850 | 117,180 |
| | 3,336,832 | 3,306,882 |
| Geographical markets for revenue from contracts with customers: | | |
| China (including Mainland China and Hong Kong) | 1,817,650 | 1,827,828 |
| United States of America ("USA") | 439,783 | 445,973 |
| Europe | 393,211 | 393,077 |
| Others | 569,338 | 522,824 |
| | 3,219,982 | 3,189,702 |

Set out below is the reconciliation of revenue with the amounts disclosed in segment information:

| | Manufacturing and trading of garments HK\$'000 | Property investment and development HK\$'000 |
|---|---|---|
| For the year ended 31 December 2024 | | |
| Segment revenue | 3,219,982 | 116,850 |
| Less: rental income recognised under HKFRS 16 | – | (116,850) |
| Revenue from contracts with customers | 3,219,982 | – |
| For the year ended 31 December 2023 | | |
| Segment revenue | 3,189,702 | 117,180 |
| Less: rental income recognised under HKFRS 16 | – | (117,180) |
| Revenue from contracts with customers | 3,189,702 | – |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. Revenue (Cont'd)

Performance obligations for contracts with customers

Manufacturing and trading of garments

Contracts with customers within the Group's manufacturing and trading business include promises to sell garments, fabrics and accessories. Significant judgment is required in determining the timing of revenue recognition in accordance with HKFRS 15.35(c) on whether the terms of the Group's contracts with customers create an enforceable right to payment for the Group. The Group has considered the contractual terms with the relevant customers, the laws that apply to the relevant contracts for sale of garments with no alternative use and the opinion from external legal counsel. Based on the assessment of the directors of the Company, the terms of these sales contracts do not create an enforceable right to payment to the Group, and accordingly, revenue associated with the sale of products are recognised at the point in time when control of the promised goods has been transferred to the customers. The point in time when control transfers to the customer depends on the contractually agreed upon shipping terms, but typically occurs once the product has been shipped or once it has been delivered to a location specified by the customers. Transportation and handling activities that occur before the customers obtain control over the relevant goods are considered as fulfilment activities.

Certain contracts, primarily those for sale of tailor-made products, require upfront customer deposits that result in a contract liability. Upfront deposits or prepayments are usually invoiced upon acceptance of sales orders for certain customers. Revenue is recognised when the products have been shipped to the customer's specific location (delivery) as specified in the customer contract. Upon delivery, customers are granted credit terms which generally range from 30 to 90 days from the invoice date, which approximates the respective revenue recognition dates. Such terms are common within the industries in which the Group is associated and are not considered financing arrangements.

In addition, certain revenue is also recognised when the customer takes physical possession of the products, which occurs at the point of sale for merchandise purchased at the Group's retail stores. Customers are allowed to return the goods for refund within 7 days after the respective sales take place. Revenue is recognised at an expected value of the transaction price adjusted for estimated returns based on historical trends. Payment is due at the point of sale. The payments settled by credit cards or mobile payment by customers are normally received within one to two days from the transaction date.

Transaction price allocated to the remaining performance obligations

As at 31 December 2024, contracts with customers with unsatisfied performance obligations have original expected duration of one year or less. As permitted under HKFRS 15, the aggregate amount of transaction price allocated to these unsatisfied contracts is not disclosed.

Leases

| | 2024 HK\$'000 | 2023 HK\$'000 |
|-------------------------------|------------------|------------------|
| For operating leases: | | |
| Lease payments that are fixed | 116,850 | 117,180 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. Segment Information

Information reported to the Group's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, is analysed based on components of the Group that are regularly reviewed by the CODM. These components are (i) manufacturing and trading of garments; and (ii) property investment and development.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Segment revenue | | |
| – Manufacturing and trading of garments | 3,219,982 | 3,189,702 |
| – Property investment and development | 116,850 | 117,180 |
| Revenue – external sales | 3,336,832 | 3,306,882 |
| Segment results | | |
| – Manufacturing and trading of garments | 144,460 | 162,492 |
| – Property investment and development | 19,046 | 23,915 |
| | 163,506 | 186,407 |
| Change in fair value of derivative financial instruments | 2,253 | (12,027) |
| Change in fair value of investment properties | (7,359) | 10,449 |
| Unallocated corporate overhead and other expenses | (45,628) | (42,584) |
| Profit before taxation | 112,772 | 142,245 |

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without the allocation of change in fair value of derivative financial instruments and investment properties, certain portion of the central administration costs and other expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment. Furthermore, as the assets and liabilities for operating segments are not provided to the CODM for the purposes of resources allocation and performance assessment, no segment assets and liabilities is presented accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. Segment Information (Cont'd)

Other segment information

For the year ended 31 December 2024

| | Manufacturing and trading of garments HK\$'000 | Property investment and development HK\$'000 | Consolidated HK\$'000 |
|--|---|---|--------------------------|
| <i>Amounts included in the measure of segment profit or loss:</i> | | | |
| Depreciation of property, plant and equipment | 53,041 | 7,025 | 60,066 |
| Depreciation of right-of-use assets | 5,655 | 157 | 5,812 |
| Loss on disposal of property, plant and equipment, net | 1,489 | – | 1,489 |
| Impairment losses under expected credit loss model, net of reversal | (135) | – | (135) |
| Interest income | (12,880) | (97) | (12,977) |
| Finance costs | 39,254 | 33,655 | 72,909 |
| <i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</i> | | | |
| Fair value gain on derivative financial instruments | | | (2,253) |
| Decrease in fair value of investment properties | | | 7,359 |

For the year ended 31 December 2023

Amounts included in the measure of segment profit or loss:

| | | | |
|---|----------|--------|----------|
| Depreciation of property, plant and equipment | 59,559 | 6,934 | 66,493 |
| Depreciation of right-of-use assets | 5,806 | 196 | 6,002 |
| Loss on disposal of property, plant and equipment, net | 1,396 | – | 1,396 |
| Impairment losses under expected credit loss model, net of reversal | (7,804) | – | (7,804) |
| Interest income | (24,362) | (59) | (24,421) |
| Finance costs | 39,767 | 40,939 | 80,706 |

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:

| | | | |
|---|--|--|----------|
| Fair value loss on derivative financial instruments | | | 12,027 |
| Increase in fair value of investment properties | | | (10,449) |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. Segment Information (Cont'd) Geographical information

The Group's operations are mainly located in China.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers. Information about the Group's non-current assets (excluding deferred tax assets and financial instruments) is presented based on the geographical location of the assets.

| | Revenue | | Non-current assets | |
|--------|------------------|------------------|--------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 |
| China | 1,934,500 | 1,945,008 | 3,989,530 | 3,959,354 |
| USA | 439,783 | 445,973 | 385 | 745 |
| Europe | 393,211 | 393,077 | – | – |
| Others | 569,338 | 522,824 | 4,635 | 4,967 |
| | 3,336,832 | 3,306,882 | 3,994,550 | 3,965,066 |

Information about major customer

During the years ended 31 December 2024 and 2023, there is no customer from manufacture and trading of garments segment nor property investment and development segment which contributed over 10% of the total revenue of the Group.

7. Other Gains and Losses, Net

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Change in fair value of derivative financial instruments | 2,253 | (12,027) |
| Change in fair value of other financial assets at FVTPL | 437 | 253 |
| Loss on disposal of property, plant and equipment, net | (1,489) | (1,396) |
| Net foreign exchange (losses) gains | (254) | 12,914 |
| (Decrease) increase in fair value of investment properties | (7,359) | 10,449 |
| | (6,412) | 10,193 |

8. Finance Costs

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Interests on: | | |
| Bank borrowings and overdrafts | 74,593 | 85,177 |
| Lease liabilities | 356 | 516 |
| Borrowings on discounted bills | 1,807 | 852 |
| Total borrowing costs | 76,756 | 86,545 |
| Less: amounts capitalised in the cost of qualifying assets | (3,847) | (5,839) |
| | 72,909 | 80,706 |

Borrowing costs capitalised during the year arose on both specific borrowings and general borrowing pool. Borrowing costs arose on specific borrowings were fully capitalised while those arose on the general borrowing pool were calculated by applying capitalisation rates ranging from 2.7% to 3.3% per annum (2023: 3.9% to 5.0% per annum) to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. Directors' and Managing Director's Emoluments and Employee's Emoluments

Directors' and Managing Director's emoluments

The emoluments paid or payable to each of the ten (2023: ten) directors of the Company, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinances, are as follows:

| | Fees HK\$'000 | Other emoluments | | | Total emoluments HK\$'000 |
|---|------------------|---|--|---|---------------------------------|
| | | Salaries and other benefits HK\$'000 | Retirement benefits schemes contributions HK\$'000 | Performance related incentive payments HK\$'000 | |
| 2024 | | | | | |
| <i>Executive directors</i> | | | | | |
| Lam Foo Wah | 200 | 5,070 | – | 2,100 | 7,370 |
| Lam Gee Yu, Will | 200 | 4,200 | 18 | 2,800 | 7,218 |
| Lam Din Yu, Well | 200 | 3,900 | 18 | 2,800 | 6,918 |
| <i>Non-executive directors</i> | | | | | |
| Leung Wing Man, Mabel (appointed on 2 December 2024) | 16 | – | – | – | 16 |
| Hung Ka Hai, Clement (resigned on 1 January 2025) | 200 | 840 | – | – | 1,040 |
| <i>Independent non-executive directors</i> | | | | | |
| Chung Kwok Pan | 200 | – | – | – | 200 |
| Tong Hee Keung, Samuel | 200 | – | – | – | 200 |
| Lau Yip Shing | 200 | – | – | – | 200 |
| Wong Chun Sek, Edmund | 200 | – | – | – | 200 |
| Yeung Kwok Wing (resigned on 1 January 2025) | 200 | – | – | – | 200 |
| Total for 2024 | 1,816 | 14,010 | 36 | 7,700 | 23,562 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. Directors' and Managing Director's Emoluments and Employee's Emoluments (Cont'd)

Directors' and Managing Director's emoluments (Cont'd)

| | Fees HK\$'000 | Other emoluments | | | Total emoluments HK\$'000 |
|--|------------------|---|--|---|---------------------------------|
| | | Salaries and other benefits HK\$'000 | Retirement benefits schemes contributions HK\$'000 | Performance related incentive payments HK\$'000 | |
| 2023 | | | | | |
| <i>Executive directors</i> | | | | | |
| Lam Foo Wah | 200 | 5,070 | – | 3,000 | 8,270 |
| Lam Gee Yu, Will | 200 | 4,200 | 18 | 4,000 | 8,418 |
| Lam Din Yu, Well | 200 | 3,900 | 18 | 4,000 | 8,118 |
| <i>Non-executive director</i> | | | | | |
| Hung Ka Hai, Clement | 200 | 840 | – | – | 1,040 |
| <i>Independent non-executive directors</i> | | | | | |
| Chung Kwok Pan | 200 | – | – | – | 200 |
| Tong Hee Keung, Samuel (appointed on 1 January 2023) | 200 | – | – | – | 200 |
| Lau Yip Shing (appointed on 21 June 2023) | 106 | – | – | – | 106 |
| Wong Chun Sek, Edmund (appointed on 1 September 2023) | 67 | – | – | – | 67 |
| Leung Hok Lim (resigned on 1 September 2023) | 133 | – | – | – | 133 |
| Yeung Kwok Wing | 200 | – | – | – | 200 |
| Total for 2023 | 1,706 | 14,010 | 36 | 11,000 | 26,752 |

The emoluments for executive directors of the Company are for their services in connection with the management of the affairs of the Company and the Group, while the emoluments for the non-executive director and independent non-executive directors of the Company are for their services as directors of the Company.

The performance related incentive payment is determined by reference to the individual performance of the directors of the Company and approved by the Remuneration Committee of the Company.

Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well are the Managing Director and Managing Director (China) of the Company respectively.

During both years, no emolument was paid by the Group to the directors of the Company or five employees with highest emoluments as compensation for loss of office or an inducement to join or upon joining the Group. None of the directors of the Company has waived any emoluments for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. Directors' and Managing Director's Emoluments and Employee's Emoluments (Cont'd)

Employee's emoluments

Out of the five individuals with the highest emoluments in the Group, three (2023: three) of them are directors of the Company whose emoluments are disclosed above. The emoluments of the remaining two individuals (2023: two) are as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Salaries and other benefits | 2,454 | 2,743 |
| Retirement benefits schemes contributions | 36 | 36 |
| Performance related incentive payments | 770 | 700 |
| | 3,260 | 3,479 |

The number of the highest paid individual whose emoluments fell within the following bands are as follows:

| | 2024 | 2023 |
|--------------------------------|----------|------|
| HK\$1,000,001 to HK\$1,500,000 | 1 | 1 |
| HK\$1,500,001 to HK\$2,000,000 | 1 | 1 |
| | 2 | 2 |

10. Income Tax Expense

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Current tax charge: | | |
| Hong Kong | 6,679 | 16,279 |
| Mainland China (Note) | 13,531 | 13,941 |
| | 20,210 | 30,220 |
| (Over) under provision in prior years: | | |
| Hong Kong | (4,896) | (200) |
| Mainland China | (3,056) | (4,541) |
| Other jurisdictions | – | 40 |
| | (7,952) | (4,701) |
| Deferred taxation (Note 20): | | |
| Current year | 4,587 | 3,896 |
| | 16,845 | 29,415 |

Note: Amount includes withholding tax of HK\$11,002,000 (2023: HK\$11,324,000) during the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. Income Tax Expense (Cont'd)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable to the Mainland China subsidiaries of the Group is 25% from 1 January 2008 onwards, except for High Fashion Silk (Zhejiang) Co., Ltd. ("High Fashion Silk") and High Fashion (China) Co., Ltd. ("High Fashion (China)"), which have been recognised as an advanced technology enterprise by the Mainland China Tax Bureau in 2021 and 2022 respectively. High Fashion Silk and High Fashion (China) are subject to an income tax rate of 15% for three years starting from the year being recognised as an advanced technology enterprise in Hangzhou.

The withholding tax arose from dividends declared by an entity in Mainland China is at withholding tax rate of 5% for both years.

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

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Profit before taxation | 112,772 | 142,245 |
| Tax at the income tax rate of 16.5% (2023: 16.5%) | 18,607 | 23,470 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (531) | (5,510) |
| Tax effect of income not taxable for tax purpose | (7,562) | (646) |
| Tax effect of expenses not deductible for tax purpose | 3,944 | 6,102 |
| Tax effect of tax losses not recognised | 23,758 | 11,157 |
| Utilisation of tax losses previously not recognised | (15,546) | – |
| Overprovision in prior years | (7,952) | (4,701) |
| Tax effect on two-tiered tax rate | (165) | (165) |
| Withholding tax in the Mainland China | 11,002 | 10,049 |
| Tax relief in relation to additional tax deductions on research and development costs incurred | (8,710) | (10,341) |
| Income tax expense | 16,845 | 29,415 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. Profit for the Year

Profit for the year has been arrived at after charging (crediting):

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Costs of inventories recognised as expenses (including allowance for inventory obsolescence of HK\$918,000 (2023: HK\$191,000)) | 2,535,506 | 2,461,803 |
| Research expenses (included in cost of sales) | 116,336 | 133,473 |
| Depreciation of property, plant and equipment | 60,066 | 66,493 |
| Depreciation of right-of-use assets | 5,812 | 6,002 |
| Less: Amount capitalised in inventories | (47,747) | (53,404) |
| Depreciation recognised as selling and distribution/administrative expenses | 18,131 | 19,091 |
| Auditor's remuneration | 3,300 | 3,300 |
| Staff costs (including directors' emoluments): | | |
| Wages, salaries and bonuses | 546,134 | 563,315 |
| Retirement benefits schemes contributions | 36,828 | 32,710 |
| Less: Amount capitalised in investment properties under construction, construction in progress and inventories | (292,024) | (277,140) |
| Staff costs recognised as selling and distribution/administrative expenses | 290,938 | 318,885 |
| Gross rental income from investment properties | (116,850) | (117,180) |
| Less: Outgoings for investment properties rented out (included in cost of services) | 39,305 | 19,453 |
| Net rental income | (77,545) | (97,727) |
| Government grants (included in other income) | (109) | (641) |
| Bank interest income (included in other income) | (12,977) | (24,421) |

12. Other Comprehensive (Expense) Income

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Revaluation on properties upon transfer from property, plant and equipment to investment properties | - | 20,542 |
| Fair value loss on equity instruments at FVTOCI | (5,000) | (5,800) |
| Exchange differences on translation to presentation currency | (46,778) | (121,270) |
| Exchange differences on translation of foreign operations | 2 | 433 |
| Other comprehensive expense | (51,776) | (106,095) |
| <i>Income tax relating to components of other comprehensive income:</i> | | |
| Revaluation on properties upon transfer from property, plant and equipment to investment properties | - | (3,081) |
| Other comprehensive expense for the year, net of tax | (51,776) | (109,176) |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. Dividends

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| <i>Dividends recognised as distribution and paid during the year:</i> | | |
| Interim dividend – 3.5 HK cents per ordinary share for 2024 (2023: 3.5 HK cents per ordinary share for 2023) | 10,696 | 10,696 |
| Final dividend – 12 HK cents per ordinary share for 2023 (2023: 12 HK cents per ordinary share for 2022) | 36,674 | 36,674 |
| | 47,370 | 47,370 |

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: final dividend in respect of the year ended 31 December 2023 of 12 HK cents per ordinary share, in an aggregate amount of HK\$36,674,000 was declared).

14. Earnings Per Share

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

Earnings

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company | 91,681 | 113,662 |

Number of shares

| | '000 | '000 |
|---|----------------|---------|
| Number of ordinary shares for the purpose of basic and diluted earnings per share | 305,616 | 305,616 |

The computation of diluted earnings per share for the years ended 31 December 2024 and 31 December 2023 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares during the years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. Property, Plant and Equipment

| | Buildings (in Hong Kong) HK\$'000 | Buildings (outside Hong Kong) HK\$'000 | Construction in progress HK\$'000 | Leasehold improvements HK\$'000 | Plant and equipment HK\$'000 | Furniture and fixtures HK\$'000 | Motor vehicles HK\$'000 | Total HK\$'000 |
|--|--|---|---|---------------------------------------|------------------------------------|--|-------------------------------|-------------------|
| COST | | | | | | | | |
| At 1 January 2023 | 40,816 | 272,803 | 10,789 | 152,071 | 599,346 | 155,442 | 32,347 | 1,263,614 |
| Additions | - | 5,496 | 37,355 | 9,271 | 26,864 | 1,494 | 1,162 | 81,642 |
| Transfers | - | 16,739 | (36,494) | 9,221 | 9,510 | - | 1,024 | - |
| Transfers to investment properties (note 17) | - | (16,314) | - | - | - | - | - | (16,314) |
| Disposals | - | (847) | - | - | (30,047) | (777) | (158) | (31,829) |
| Exchange realignment | - | (7,719) | (236) | (4,654) | (9,834) | (3,184) | (314) | (25,941) |
| At 31 December 2023 | 40,816 | 270,158 | 11,414 | 165,909 | 595,839 | 152,975 | 34,061 | 1,271,172 |
| Additions | - | 4,780 | 27,105 | 16,451 | 39,248 | 3,371 | 3,811 | 94,766 |
| Transfers | - | - | (19,114) | 3,858 | 15,256 | - | - | - |
| Transfers from investment properties (note 17) | - | 4,768 | - | - | - | - | - | 4,768 |
| Disposals | - | (118) | - | (229) | (29,257) | (1,138) | (1,756) | (32,498) |
| Exchange realignment | - | (5,769) | (297) | (4,925) | (11,761) | (934) | (396) | (24,082) |
| At 31 December 2024 | 40,816 | 273,819 | 19,108 | 181,064 | 609,325 | 154,274 | 35,720 | 1,314,126 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | | | | | |
| At 1 January 2023 | 5,720 | 112,143 | - | 130,367 | 424,598 | 103,059 | 26,165 | 802,052 |
| Provided for the year | 1,439 | 15,106 | - | 19,158 | 27,418 | 1,878 | 1,494 | 66,493 |
| Transfers to investment properties | - | (5,576) | - | - | - | - | - | (5,576) |
| Eliminated on disposals | - | (312) | - | - | (26,227) | (699) | (142) | (27,380) |
| Exchange realignment | - | (7,910) | - | (2,960) | (6,848) | (376) | (221) | (18,315) |
| At 31 December 2023 | 7,159 | 113,451 | - | 146,565 | 418,941 | 103,862 | 27,296 | 817,274 |
| Provided for the year | 1,440 | 12,032 | - | 15,278 | 27,401 | 1,927 | 1,988 | 60,066 |
| Eliminated on disposals | - | (109) | - | - | (26,377) | (773) | (1,323) | (28,582) |
| Exchange realignment | - | (3,110) | - | (3,962) | (8,201) | (473) | (287) | (16,033) |
| At 31 December 2024 | 8,599 | 122,264 | - | 157,881 | 411,764 | 104,543 | 27,674 | 832,725 |
| CARRYING VALUE | | | | | | | | |
| At 31 December 2024 | 32,217 | 151,555 | 19,108 | 23,183 | 197,561 | 49,731 | 8,046 | 481,401 |
| At 31 December 2023 | 33,657 | 156,707 | 11,414 | 19,344 | 176,898 | 49,113 | 6,765 | 453,898 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. Property, Plant and Equipment (Cont'd)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

| | |
|------------------------|--|
| Buildings | 2% to 5% or over remaining lease term if shorter |
| Leasehold improvements | The shorter of lease terms and 5 years |
| Plant and equipment | 9% to 20% |
| Furniture and fixtures | 9% to 25% |
| Motor vehicles | 15% to 25% |

At as 31 December 2024, the Group has pledged its buildings in Hong Kong with a net book value of approximately HK\$32,217,000, in aggregate, (2023: HK\$33,657,000) to secure general banking facilities granted to the Group.

16. Right-Of-Use Assets

| | Leasehold land HK\$'000 | Leased properties HK\$'000 | Total HK\$'000 |
|--|-------------------------------|----------------------------------|-------------------|
| As at 31 December 2024 | | | |
| Carrying amount | 42,710 | 5,268 | 47,978 |
| As at 31 December 2023 | | | |
| Carrying amount | 45,273 | 8,444 | 53,717 |
| For the year ended 31 December 2024 | | | |
| Depreciation charge | 1,713 | 4,099 | 5,812 |
| For the year ended 31 December 2023 | | | |
| Depreciation charge | 1,719 | 4,283 | 6,002 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

16. Right-Of-Use Assets (Cont'd)

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Expenses relating to short-term leases | 375 | 374 |
| Total cash outflow for leases | 4,983 | 5,164 |
| Addition of right-of-use assets (<i>note</i>) | 1,387 | 1,073 |
| Termination of right-of-use assets | (359) | – |

Note: In 2024, the Group entered into new lease agreements for the use of leased properties for 3 years (2023: 3 years). On the lease commencement, the Group recognised right-of-use assets and lease liabilities of HK\$1,387,000 and HK\$1,387,000 (2023: HK\$1,073,000 and HK\$1,073,000), respectively.

For both years, the Group leases various offices premises, factories and warehouses for its operations. Lease contracts are entered into for fixed term of 12 months to 10 years (2023: 12 months to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

In addition, lease liabilities of HK\$5,934,000 (2023: HK\$9,307,000) are recognised with related right-of-use assets of HK\$5,268,000 (2023: HK\$8,444,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

At as 31 December 2024, the Group has pledged certain of its leasehold land in Hong Kong with a net book value of approximately HK\$850,000, in aggregate, (2023: HK\$888,000) to secure general banking facilities granted to the Group.

Details of the lease maturity analysis of lease liabilities are set out in Note 32.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. Investment Properties

| | Completed investment properties HK\$'000 | Investment properties held for development/ under construction HK\$'000 | Total HK\$'000 |
|--|---|---|-------------------|
| FAIR VALUE | | | |
| At 1 January 2023 | 3,088,824 | 120,027 | 3,208,851 |
| Additions | 3,981 | 190,339 | 194,320 |
| Transfer from property, plant and equipment (<i>note 15</i>) | 31,280 | – | 31,280 |
| (Decrease) increase in fair value recognised in profit or loss (included in other gains and losses, net) | | | |
| – unrealised | (8,125) | 18,574 | 10,449 |
| Exchange realignment | (27,064) | (2,085) | (29,149) |
| At 31 December 2023 | 3,088,896 | 326,855 | 3,415,751 |
| Additions | 2,237 | 36,889 | 39,126 |
| Transfer to property, plant and equipment (<i>note 15</i>) | (4,768) | – | (4,768) |
| Transfer | 321,243 | (321,243) | – |
| (Decrease) increase in fair value recognised in profit or loss (included in other gains and losses, net) | | | |
| – unrealised | (8,440) | 1,081 | (7,359) |
| Exchange realignment | (34,741) | (6,821) | (41,562) |
| At 31 December 2024 | 3,364,427 | 36,761 | 3,401,188 |

The Group leases out various investment properties under operating leases with monthly rentals receivable up to ten years, with extension option subject to agreement of both lessor and lessee.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's completed investment properties are held under operating leases to earn rentals or for capital appreciation purposes. They are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2024, certain investment properties with fair value of HK\$4,768,000 were transferred to property, plant and equipment upon commencement of owner occupation. Valuations which were made by Centaline Surveyors Limited, independent qualified professional valuer not connected with the Group.

During the year ended 31 December 2023, certain property, plant and equipment with carrying amounts of HK\$10,738,000 were transferred to investment properties. Valuations which were made by Centaline Surveyors Limited and 浙江中企華資產評估有限公司, independent qualified professional valuers not connected with the Group, at the date of transfer was approximately HK\$31,280,000. The difference between the carrying amount and the fair value of these properties amounting to HK\$20,542,000 was credited to "property revaluation reserve".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. Investment Properties (Cont'd)

The fair value of the Group's investment properties at the end of the reporting period have been arrived at on the basis of valuations carried out by CBRE Advisory Hong Kong Limited, Centaline Surveyors Limited and 浙江中企華資產評估有限公司, independent qualified professional valuers not connected with the Group. CBRE Advisory Hong Kong Limited and Centaline Surveyors Limited are members of the Institute of Valuers, while 浙江中企華資產評估有限公司 are certified public valuers in the Mainland China.

For the completed investment properties, the valuations were arrived at by making reference to market evidence of transaction prices for similar properties in similar locations and conditions or on the basis of capitalisation of net income. The net income is the market rentals of all lettable units of the properties and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by making reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by making reference to the yields derived from analysing the sales transactions of similar properties in the relevant locations and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

For investment properties held for development/under construction, the valuations were arrived at by direct comparison with comparable properties as available in the market with due allowance for development costs and indirect cost that will be expended to complete the development of the properties, as well as developer's risks associated with the development at the valuation date and the return that the developer would require for bringing the properties to the completion status, which is determined by the valuers on the analysis of recent land transactions and the market value of similar completed properties in the relevant locations.

In estimating the fair value of the completed properties, the highest and best use of the properties is their current use. In estimating the fair value of investment properties held for development/under construction, management of the Group has taken into account the highest and best use of the properties from the perspective of market participants, taking into account the future development potential of the properties.

The Group's investment properties are categorised into level 3 of the fair value hierarchy. At the end of each reporting period, the Group Finance Director ("GFD") works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs to be used in determining the fair value of the investment properties. Discussions on valuation processes and results are held between GFD and the directors of the Company at least twice a year.

There is no transfer into or out of Level 3 for both years.

At as 31 December 2024, the Group has pledged its investment properties in Hong Kong and Mainland China with carrying value of approximately HK\$1,867,736,000, in aggregate, (2023: HK\$1,862,564,000) to secure general banking facilities granted to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. Investment Properties (Cont'd)

The following table shows the valuation techniques used in the determination of the fair values of investment properties and unobservable inputs used in the valuation models:

| Description | Fair value as at | | Valuation techniques | Unobservable inputs | Relationship of inputs to fair value |
|--|------------------|------------------|--------------------------------|---|---|
| | 2024 HK\$'000 | 2023 HK\$'000 | | | |
| Completed investment properties | | | | | |
| Office premises – Shenzhen | 187,047 | 192,358 | Income capitalisation approach | (i) Capitalisation rate of 4.7% (2023: 4.5%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of RMB272 (2023: RMB253) per month per square meter in average | The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value |
| – Xiaoshan | 451,660 | 489,996 | Income capitalisation approach | (i) Capitalisation rate of 7.0% (2023: 7.3%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of RMB19.5 (2023: RMB19) per month per square meter in average | The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value |
| – Shanghai | 36,051 | 37,689 | Income capitalisation approach | (i) Capitalisation rate of 3.7% (2023: 4.0%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of RMB21.7 (2023: RMB22) per month per square meter in average | The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value |
| Retail premises – Xinchang | 272,831 | 280,763 | Income capitalisation approach | (i) Capitalisation rate of 3.7% (2023: 4%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of RMB15.2 – RMB29.9 (2023: RMB14.1 – RMB33.6) per month per square meter in average | The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value |

Notes to the Consolidated Financial Statements

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17. Investment Properties (Cont'd)

| Description | Fair value as at | | Valuation techniques | Unobservable inputs | Relationship of inputs to fair value |
|--|------------------|------------------|--------------------------------|--|--|
| | 2024 HK\$'000 | 2023 HK\$'000 | | | |
| Completed investment properties (Cont'd) | | | | | |
| Commercial complex – Hong Kong | 1,411,000 | 1,424,000 | Income capitalisation approach | (i) Capitalisation rate of 3.25% (2023: 3.25%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of HK\$26.3 (2023: HK\$26.2 per month per square feet in average) | The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value |
| – Tonglu | 223,051 | 255,521 | Income capitalisation approach | (i) Capitalisation rate of 6.5% to 8.0% (2023: 6.0% to 8.0%), taking into account the capitalisation of rental income potential and nature of properties | The higher the capitalisation rate, the lower the fair value |
| – Xiaoshan | 782,787 | 408,569 | Income capitalisation approach | (i) Capitalisation rate of 7% (2023: 8%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of RMB36 – RMB75 (2023: RMB42 – RMB75) per month per square meter in average | The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value |
| Investment properties held for development/under construction | | | | | |
| Industrial and commercial complex – Xiaoshan | 36,761 | 326,855 | Residual approach | (i) Market price of RMB338 (2023: RMB325) per square meter in average and adjusting for location of the land (ii) 2023: Budgeted remaining construction costs to completion of RMB82,317,000 (iii) 2023: Expected developer profit margin at 10% | The higher the market price, the higher the fair value The higher the costs, the lower the fair value The higher the margin the lower the fair value |
| | 3,401,188 | 3,415,751 | | | |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

18. Interests in Joint Ventures

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Cost of unlisted investments in joint ventures | 9,274 | 17,407 |
| Share of post-acquisition losses | (998) | (13,963) |
| Exchange realignment | (719) | 4,113 |
| | 7,557 | 7,557 |

As at 31 December 2024 and 2023, the Group has interests in the following joint ventures:

| Name | Form of business structure | Place of registration and operations | Percentage of | | | | | | Principal activities |
|---|----------------------------|--------------------------------------|--------------------|-----------|--------------|-----------|----------------|-----------|--|
| | | | Ownership interest | | Voting power | | Profit sharing | | |
| | | | 2024 % | 2023 % | 2024 % | 2023 % | 2024 % | 2023 % | |
| Hangzhou Dalifu Silk Finishing Co., Ltd. | Established | Mainland China | 51 | 51 | 50 | 50 | 51 | 51 | Dyeing, printing and sandwashing of fabric |
| The Silk Passion Company Limited ("Silk Passion") | Incorporated | Hong Kong | 51 | 51 | 60 | 60 | 51 | 51 | Trading, marketing and promoting silk products |
| Longford | Established | Mainland China | - | 65 | - | 67 | - | 65 | Inactive |

In the opinion of the directors of the Company, these joint ventures, are not individually material to the Group for both years and therefore no separate disclosure on summarised financial information of these joint ventures is presented. The Group did not share any results from the joint ventures for both years.

The Group has discontinued recognition of its share of losses of certain joint ventures. The amount of unrecognised share of results of these joint ventures is as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Unrecognised share of losses of joint ventures for the year | 3 | 897 |
| Accumulated unrecognised share of losses of these joint ventures | 10,078 | 10,075 |

At the end of both reporting periods, the Group has no commitment to fund the losses in relation to its investments in any of the joint ventures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19. Interest in an Associate

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Cost of unlisted investment in an associate | 21,624 | – |

As at 31 December 2024, the Group has interest in the following associate:

| Name | Form of business structure | Place of registration and operations | Percentage of | | | | | | Principal activities |
|-----------------|----------------------------|--------------------------------------|--------------------|-----------|---------------------|-----------|----------------|-----------|---|
| | | | Ownership interest | | Voting power | | Profit sharing | | |
| | | | 2024 % | 2023 % | 2024 % | 2023 % | 2024 % | 2023 % | |
| Hangzhou Huanyu | Established | Mainland China | 12.13 | – | 20 <i>(Note)</i> | – | 12.13 | – | Research and development, production and trading of dyes and digital printing |

Note: The Group is able to exercise significant influence over Hangzhou Huanyu because it has the right to appoint one out of the five directors of Hangzhou Huanyu under the articles of association of Hangzhou Huanyu.

Summarised financial information of material associate

Summarised financial information in respect of Hangzhou Huanyu is set out below. The summarised financial information of Hangzhou Huanyu is prepared in accordance with HKFRS Accounting Standards. Hangzhou Huanyu is accounted for using the equity method in these consolidated financial statements.

| | 2024 HK\$'000 |
|---------------------|------------------|
| Current assets | 30,261 |
| Non-current assets | 11,755 |
| Current liabilities | (11,367) |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19. Interest in an Associate (Cont'd)

Summarised financial information of material associate (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

| | 2024 HK\$'000 |
|---|------------------|
| Net assets of Hangzhou Huanyu | 30,649 |
| Proportion of the Group's ownership interest in Hangzhou Huanyu | 12.13% |
| The Group's share of net assets of Hangzhou Huanyu | 3,718 |
| Goodwill | 17,906 |
| Carrying amount of the Group's interest in Hangzhou Huanyu | 21,624 |

20. Deferred Taxation

| | 2024 HK\$'000 | 2023 HK\$'000 |
|----------------------|------------------|------------------|
| Deferred assets | 12,756 | 3,641 |
| Deferred liabilities | (335,346) | (323,731) |
| | (322,590) | (320,090) |

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The followings are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

| | Deferred tax assets | | | | | | |
|-----------------------------------|---|---|--|------------------------|---|--------------------|-------------------|
| | Allowance of credit losses HK\$'000 | Allowance on obsolete inventories HK\$'000 | Impairment loss on property, plant and equipment HK\$'000 | Tax losses HK\$'000 | Fair value change of derivative financial instruments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| At 1 January 2023 | 4,945 | 17,057 | 2,747 | 43,899 | – | 8,631 | 77,279 |
| (Charge) credit to profit or loss | (2,893) | (7,340) | (2,539) | 5,436 | 316 | (2,713) | (9,733) |
| Exchange realignment | (81) | (296) | (48) | – | – | (150) | (575) |
| At 31 December 2023 | 1,971 | 9,421 | 160 | 49,335 | 316 | 5,768 | 66,971 |
| (Charge) credit to profit or loss | (297) | (2,086) | – | 1,250 | 302 | (149) | (980) |
| Exchange realignment | (19) | (125) | – | – | – | (22) | (166) |
| At 31 December 2024 | 1,655 | 7,210 | 160 | 50,585 | 618 | 5,597 | 65,825 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20. Deferred Taxation (Cont'd)

| | Deferred tax liabilities | | | | | | Total HK\$'000 |
|--------------------------------------|---|--|---|---|---|---|-------------------|
| | Accelerated tax depreciation of property plant and equipment HK\$'000 | Revaluation of investment properties HK\$'000 | Revaluation of properties and right-of- use assets transferred to investment properties HK\$'000 | Withholding tax in respect of undistributed earnings of subsidiaries in Mainland China HK\$'000 | Fair value change of derivative financial instruments and structured deposits HK\$'000 | Acquisition cost of land use rights HK\$'000 | |
| At 1 January 2023 | (836) | (256,858) | (111,060) | (22,689) | (2,736) | (1,431) | (395,610) |
| Credit (charge) to profit or loss | 274 | 1,624 | - | 1,275 | 2,689 | (25) | 5,837 |
| Charge to other comprehensive income | - | - | (3,081) | - | - | - | (3,081) |
| Exchange realignment | 14 | 3,982 | 1,332 | 393 | 47 | 25 | 5,793 |
| At 31 December 2023 | (548) | (251,252) | (112,809) | (21,021) | - | (1,431) | (387,061) |
| Credit to profit or loss | 298 | (3,905) | - | - | - | - | (3,607) |
| Exchange realignment | - | 1,091 | 865 | 279 | - | 18 | 2,253 |
| At 31 December 2024 | (250) | (254,066) | (111,944) | (20,742) | - | (1,413) | (388,415) |

Under the law in Mainland China, withholding tax is imposed on dividends declared to non-residents in respect of profits earned by subsidiaries in the Mainland China from 1 January 2008 onwards. Deferred tax liabilities have not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profits earned by subsidiaries in the Mainland China amounting to HK\$698,883,000 (2023: HK\$828,774,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The Group has estimated unused tax losses of HK\$1,836,361,000 (2023: HK\$1,779,288,000) available for offsetting against future taxable profits of the companies in which the losses arose. A deferred tax asset has been recognised in respect of HK\$303,840,000 (2023: HK\$298,998,000) of the temporary differences, while no deferred tax asset has been recognised in respect of the remaining temporary differences of HK\$1,532,521,000 (2023: HK\$1,480,290,000) due to unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$184,245,000 (2023: HK\$117,148,000) that will expire in 5 to 10 years from the year of origination. Other tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. Other Non-Current Assets

As at 31 December 2024, amount includes payments for life insurance contract of HK\$34,802,000 (2023: HK\$34,143,000) to insure an executive director. Under the contract, the beneficiary and contract holder is High Fashion Garments Management Limited ("HFGML"), a wholly-owned subsidiary of the Company, and the total insured sum is approximately United States Dollar ("US\$") 10,000,000 (equivalent to HK\$77,500,000). HFGML paid a gross premium of US\$3,582,000 (equivalent to HK\$27,763,000), including a premium charge at inception of the contract amounting to US\$215,000 (equivalent to HK\$1,666,000). HFGML may request a partial surrender or full surrender of the contract at any time and receive cash based on the cash value of the contract at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed income earned and minus insurance premium charged at inception. In addition, if withdrawal is made between the 1st to 15th year, there is a specified surrender charge. The insurer will pay HFGML a guaranteed interest of 5.2% per annum for the first year, followed by minimum guaranteed return of 3% per annum for the following years, with the actual return determined at the discretion of the insurer. Payments for life insurance was stated in the consolidated statement of financial position at cost adjusted for interest income and service charges, less impairment losses, if any.

The remaining balance of HK\$33,127,000 at 31 December 2023 represented customs deposit paid to the customs authority in Shaoxing City of Zhejiang Province in the Mainland China. The management expects that the amount would be settled within the twelve months from the end of the reporting period and therefore the deposit is classified as a current asset in the consolidated statement of financial position at 31 December 2023.

22. Inventories

| | 2024 HK\$'000 | 2023 HK\$'000 |
|------------------|------------------|------------------|
| Raw materials | 282,126 | 238,744 |
| Work in progress | 101,435 | 98,882 |
| Finished goods | 114,350 | 98,123 |
| | 497,911 | 435,749 |

23. Properties Held for Sale

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Properties under development held for sale | 189,337 | 139,232 |
| Completed properties | 19,497 | 19,913 |
| | 208,834 | 159,145 |
| Analysis of leasehold land: Carrying amount | 36,254 | 37,027 |

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2024 (2023: nil).

The properties under development held for sale are expected to be completed more than twelve months after the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. Trade Receivables

| | 2024 HK\$'000 | 2023 HK\$'000 |
|-----------------------------------|------------------|------------------|
| Trade receivables | | |
| Contracts with customers | 631,112 | 639,803 |
| Rental | 25,525 | 3,148 |
| | 656,637 | 642,951 |
| Less: Allowance for credit losses | (9,554) | (9,662) |
| | 647,083 | 633,289 |

Trade receivables mainly comprise of receivable from sales of garments and renting of properties. Credit terms granted to the customers for garment trading range from 30 days to 90 days. Rentals are payable by tenants upon presentation of demand notes. No credit period is granted to tenants.

At 1 January 2023, trade receivables from contracts with customers net of allowance for credit losses amounted to HK\$551,374,000.

The aged analysis of the Group's trade receivables net of allowance for credit losses is presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates.

| | 2024 HK\$'000 | 2023 HK\$'000 |
|-----------------|------------------|------------------|
| Within 90 days | 584,142 | 566,279 |
| 91 to 180 days | 33,112 | 47,344 |
| 181 to 360 days | 23,746 | 14,992 |
| Over 360 days | 6,083 | 4,674 |
| | 647,083 | 633,289 |

At 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$74,975,000 (2023: HK\$83,689,000) which are past due as at the reporting date. The trade receivables which have been past due 90 days or more from the reporting date amounted to HK\$30,001,000 (2023: HK\$19,488,000), of which HK\$28,883,000 (2023: HK\$18,673,000) are not considered as defaulted due to long and on-going business relationship and by considering the expected subsequent and historical repayment from these customers. The Group does not hold any collateral over these balances.

Details of impairment assessment on trade and lease receivables are set out in Note 41.

Notes to the Consolidated Financial Statements

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24. Trade Receivables (Cont'd)

Transfers of financial assets

As at 31 December 2024, certain subsidiaries of the Company had certain intra-group trade receivables backed by bills issued by other subsidiaries with an aggregate carrying amount of HK\$192,977,000 (2023: HK\$207,540,000) which were transferred to banks by discounting on a full recourse basis, these subsidiaries, therefore, continued to recognise their full carrying amounts and had recognised the cash received on the transfer as a collateralised borrowing with carrying amount of HK\$192,977,000 (2023: HK\$207,540,000). These intra-group trade receivables backed by bills carried at amortised cost were fully eliminated with those intra-group trade payables backed by bills in the consolidation.

25. Deposits, Prepayments and Other Receivables

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Prepayments and advances to suppliers | 103,494 | 123,615 |
| Value-added tax receivables and prepaid other taxes | 54,689 | 32,355 |
| Customs deposit (Note 21) | 24,868 | – |
| Other receivables | 26,198 | 27,464 |
| Utility and other deposits | 3,878 | 3,969 |
| | 213,127 | 187,403 |

Details of impairment assessment on other receivables and refundable rental deposits are set out in Note 41.

26. Amounts Due from Joint Ventures

The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

The amounts due from joint ventures represent receivable of HK\$5,395,000 (2023: HK\$5,395,000) which is non-trade in nature. In prior years, the Group considered the prospect of recovery for the amount due from Longford of HK\$17,086,000 is remote due to the legal dispute and determined that a full impairment should be made after assessment of ECL in accordance with HKFRS 9 as described in Note 41 and an impairment loss of HK\$17,086,000 was recognised in profit or loss.

Details of impairment assessment on amounts due from joint ventures are set out in Note 41.

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27. Other Financial Assets at FVTPL

| | Notes | 2024 HK\$'000 | 2023 HK\$'000 |
|---|-------|------------------|------------------|
| Unlisted financial products in the Mainland China | (a) | 15,137 | 248,785 |
| Unlisted funds in Hong Kong | (b) | 10,515 | 5,333 |
| | | 25,652 | 254,118 |

Notes:

- (a) The unlisted financial products in the Mainland China with principal amount of RMB14,000,000 (equivalent to approximately HK\$15,137,000) (2023: RMB225,300,000 (equivalent to approximately HK\$248,785,000)) have expected return ranging from 3.1% (2023: 1.7%) per annum to 3.3% (2023: 3.0%) per annum and they are due to redeemable at any time.

As at 31 December 2024, the Group's unlisted financial products of HK\$10,812,000 (2023: HK\$160,115,000) were pledged to banks for the Group's banking facilities.

- (b) The unlisted funds in Hong Kong with principal amount of US\$1,300,000 (equivalent to approximately HK\$10,103,000) (2023: US\$650,000 (equivalent to approximately HK\$5,079,000)) and have expected minimum return of 6.35% to 7.25% (2023: 7.5%) per annum and the principal amount and the return thereof are guaranteed by a company listed on the Main Board of the Hong Kong Stock Exchange. The unlisted fund is redeemable in whole or partially every six months.

Details of fair value valuation of these other financial assets at FVTPL are set out in Note 41.

28. Long-Term Bank Deposits/Short-Term Bank Deposits and Balances

The long-term and short-term bank deposits carry interests at rates ranging from 1.1% to 5.1% (2023: rates ranging from 1.3% to 3.3%) per annum.

Bank deposits are deposits placed with banks with more than three months to maturity when deposited. Short-term bank deposits will mature within 12 months from the end of the reporting period and are classified as current assets, while long-term bank deposits will mature 12 months after the end of the reporting period and are classified as non-current assets.

At as 31 December 2024, the Group has pledged certain short-term deposits with carrying value of approximately HK\$152,749,000 (2023: long-term and certain short-term deposits with carrying value of approximately HK\$97,781,000), in aggregate, to secure general banking facilities granted to the Group.

Details of impairment assessment of long-term and short-term bank deposits and balances are set out in Note 41.

29. Cash and Cash Equivalents

Cash and cash equivalents include bank balances and short-term deposits with a short maturity of less than three months for the purpose of meeting the Group's short term cash commitments without restriction, which carry interests at market rates ranging from 0.001% to 5.1% (2023: 0.001% to 1.9%) per annum.

Details of impairment assessment of bank balances and short-term deposits with a short maturity of less than three months are set out in Note 41.

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30. Trade Payables

The Group's trade payables included trade payables under supplier finance arrangements in which the Group has issued bills with the carrying amount of HK\$113,511,000 as at 31 December 2024 (2023: HK\$46,189,000) to the relevant suppliers for future settlement and continues to recognise trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension.

The following is an aged analysis of the trade payables (including supplier finance arrangements) presented based on the invoice date at the end of the reporting period:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|-------------------|------------------|------------------|
| Within 90 days | 392,707 | 333,345 |
| 91 to 180 days | 48,252 | 12,298 |
| 181 to 360 days | 4,244 | 6,404 |
| Over 360 days | 12,563 | 25,625 |
| | 457,766 | 377,672 |
| Accrued purchases | 218,112 | 318,163 |
| | 675,878 | 695,835 |

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Accrued purchases represent the purchase of goods of which the invoices have not been received by the Group. The purchase invoices will normally be received within one month from the receipt of the goods purchased.

31. Other Payables and Accruals

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Accruals | 19,208 | 36,907 |
| Construction costs payable | 6,381 | 21,186 |
| Payables to non-trade suppliers | 83,373 | 108,302 |
| Staff salaries and welfare payable and bonus provision | 104,707 | 142,113 |
| Value-added tax payable | 12,044 | 20,830 |
| Others | 7,434 | 16,212 |
| | 233,147 | 345,550 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. Lease Liabilities

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Lease liabilities payable: | | |
| Within one year | 4,072 | 4,049 |
| Within a period of more than one year but not more than two years | 1,196 | 3,686 |
| Within a period of more than two year but not more than five years | 666 | 1,572 |
| | 5,934 | 9,307 |
| Less: Amount due for settlement within 12 months shown under current liabilities | (4,072) | (4,049) |
| Amount due for settlement after 12 months shown under non-current liabilities | 1,862 | 5,258 |

The incremental borrowing rates applied to lease liabilities ranging from 3.7% to 5.2% (2023: ranging from 3.7% to 5.2%) per annum.

33. Amount Due to an Associate

The amount due to Sherman-Theme (China) Limited, an associate of the Group, is unsecured, interest-free and repayable on demand.

In the opinion of the directors of the Company, the associate is not material to the Group for both years and therefore no further information for the associate is disclosed.

34. Contract Liabilities

All contract liabilities of the Group as at 31 December 2024 and 2023 represent receipts in advance from customers for sale of garment products and were/are expected to be recognised as revenue during the year ended 31 December 2023 and 2024, respectively. As at 1 January 2023, such contract liabilities amounted to HK\$90,431,000.

35. Derivative Financial Instruments

| | Current 2024 HK\$'000 | 2023 HK\$'000 |
|------------------------------------|-----------------------------|------------------|
| Foreign exchange forward contracts | | |
| – Current assets | – | 280 |
| – Current liabilities | (3,749) | (3,195) |

The foreign exchange forward contacts as at 31 December 2024 sell an aggregate notional amount of US\$24,371,000 (2023: US\$18,791,088) for Renminbi at exchange rates of RMB7.0840 – RMB7.3272: US\$1 (2023: RMB6.7300 – RMB7.1315: US\$1), with maturity date for the period from 2 January 2025 to 25 March 2025 (2023: 3 January 2024 to 19 March 2024).

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For the year ended 31 December 2024

36. Bank Borrowings

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Bank borrowings | 1,599,928 | 1,642,253 |
| Analysed as: | | |
| Secured | 1,379,282 | 1,489,778 |
| Unsecured | 220,646 | 152,475 |
| | 1,599,928 | 1,642,253 |
| Carrying amount of bank borrowings repayable based on scheduled repayment dates set out in the loan agreements: | | |
| Within one year | 433,041 | 692,685 |
| More than one year, but not exceeding two years | 88,226 | 509,327 |
| More than two years, but not exceeding five years | 602,422 | 87,756 |
| More than five years | 145,416 | 145,063 |
| | 1,269,105 | 1,434,831 |
| Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable: | | |
| Within one year | 247,898 | 154,380 |
| More than one year, but not exceeding two years | 72,113 | 23,042 |
| More than two years, but not exceeding five years | 10,812 | 30,000 |
| | 330,823 | 207,422 |
| | 1,599,928 | 1,642,253 |
| Less: Amount due within one year shown under current liabilities | (763,863) | (900,107) |
| Amount shown under non-current liabilities | 836,065 | 742,146 |

The exposure of the Group's borrowings as followings:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|-------------------------------|------------------|------------------|
| Fixed-rate bank borrowings | 236,153 | 218,581 |
| Variable-rate bank borrowings | 1,363,775 | 1,423,672 |
| | 1,599,928 | 1,642,253 |

Included in secured and unsecured bank borrowings as at 31 December 2024, amounts of HK\$1,109,928,000 (2023: HK\$1,215,984,000) and HK\$168,208,000 (2023: HK\$130,391,000) respectively are guaranteed by the Company and/or certain of its subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36. Bank Borrowings (Cont'd)

As at 31 December 2024, the Group's secured bank borrowings were secured by certain properties, plant and equipment, investment properties, right-of-use assets, intra-group trade receivables backed by bills, bank deposits and balances and other financial assets at FVTPL with an aggregate amount of HK\$2,235,675,000 (2023: HK\$2,426,373,000).

At 31 December 2024 and 2023, the variable-rate bank borrowings are carrying interest at HIBOR or Loan Prime Rate plus certain basis points. The ranges of effective interest rates (which are same as the contracted interest rates) on the Group's fixed-rate bank borrowings and variable-rate bank borrowings are 1.9% to 3.45% (2023: 1.9% to 4.5%) per annum and from 2.5% to 6.58% (2023: from 3.46% to 7.53%) per annum, respectively.

37. Provision for Long Service Payments

| | HK\$'000 |
|---------------------------------|--------------|
| At 1 January 2023 and 2024 | 3,074 |
| Amount utilised during the year | (80) |
| At 31 December 2024 | 2,994 |

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. The provision represents management's best estimate of the probable future payments which have been earned by the employees from their service to the Group up to the end of the reporting period.

38. Share Capital

| | Number of shares '000 | Amount HK\$'000 |
|--|-----------------------------|--------------------|
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 1,000,000 | 100,000 |
| Issued and fully paid: | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 305,616 | 30,562 |

All the issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. Share-Based Payments

The Company passed an ordinary resolution at the annual general meeting to adopt a share option scheme on 30 May 2012 (the “2012 Share Option Scheme”) for a period of 10 years commencing on the adoption date. The 2012 Share Option Scheme expired on 29 May 2022 and no further option could thereafter be granted. Notwithstanding the expiry of the 2012 Share Option Scheme, the share options which had been granted and not exercised nor lapsed at the date of expiry shall remain valid and exercisable in accordance with the 2012 Share Option Scheme and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt the 2022 Share Option Scheme (the “2022 Share Option Scheme”) for the continuation of providing recognition to the contributions or services of executive directors, non-executive directors and eligible employees of the Group. Unless otherwise terminated or amended, the 2022 Share Option Scheme will remain in force for 10 years.

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 5,000,000 (2023: 5,000,000), which if exercised in full representing 1.64% (2023: 1.64%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2022 Share Option Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. In addition, any share options to a substantial shareholder of the Company or any of their respective associates that would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such grant exceeding 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares on the date of grant) in excess of HK\$5 million is subject to shareholders’ approval in a general meeting.

No consideration is payable by the Grantee in respect of the offer of the grant, the acceptance of the offer of grant or the grant of the Option. The exercise period of the share options granted is determinable by the directors of the Company, but no later than 10 years from the date of the offer. The minimum period for which an option must be held before it can be exercised is to be determined by the directors of the Company after taking into account a wide range of factors including but not limited to the responsibilities and years of services of each eligible participant, business development and other areas concerning the operation and sustainable development of the Group.

50% of the options granted were exercisable from 3 December 2019 to 2 December 2028, while the remaining 50% of the options granted were exercisable from 3 December 2020 to 2 December 2028. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of option; (ii) the average closing price of the shares in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant of option; and (iii) the par value of the Company’s share.

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For the year ended 31 December 2024

39. Share-Based Payments (Cont'd)

Details of options granted are as follows:

| Number of share options | Date of grant | Exercise period | Exercise price HK\$ | Fair value at grant date HK\$ |
|-------------------------|-----------------|------------------------------------|------------------------|----------------------------------|
| 5,000,000 * | 3 December 2018 | 3 December 2019 to 2 December 2028 | 1.76 | 0.3828 |

* Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well, directors of the Company, held 2,500,000 and 2,500,000 share options as at 31 December 2023 and 2024.

There is no movement of the Company's share options granted during the years ended 31 December 2024 and 2023.

The Group did not recognise any expense for the year ended 31 December 2024 (2023: nil) in relation to share options granted by the Company.

40. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the lease liabilities and bank borrowings and disclosed in Notes 32 and 36 respectively, net of long-term bank deposits, short-term bank deposits and balances, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital. The Group will balance its overall capital structure through payment of dividends, share buy-backs, issuance of new shares as well as raising new debts or repayment of existing debts.

41. Financial Instruments

Categories of financial instruments

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Financial assets | | |
| Derivative financial instruments | – | 280 |
| Equity instruments at FVTOCI | 5,616 | 10,616 |
| Financial assets mandatorily measured at FVTPL | 25,652 | 254,118 |
| Financial assets at amortised cost | 1,250,677 | 1,365,373 |
| Financial liabilities | | |
| Derivative financial instruments | 3,749 | 3,195 |
| Financial liabilities at amortised cost | 2,359,870 | 2,468,270 |

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For the year ended 31 December 2024

41. Financial Instruments (Cont'd)

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, deposits and other receivables, customs deposit, derivative financial instruments, equity instruments at FVTOCI, amounts due from joint ventures, other financial assets at FVTPL, long-term bank deposits, short-term bank deposits and balances, cash and cash equivalents, trade payables, other payables, amount due to an associate and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases. The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities (including trade receivables, deposits and other receivables, long-term deposits, short-term bank deposits and balances, cash and cash equivalents, trade payables, other payables and bank borrowings) which expose the Group to foreign currency risk at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|------------------|------------------|------------------|------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 |
| HK\$ against RMB | 1,839 | 48 | 572 | 694 |
| US\$ against RMB | 124,179 | 62,278 | - | - |
| RMB against HK\$ | 480 | 17,642 | - | - |

And, the Group also had intra-group balances denominated in foreign currencies as follows:

| | Assets | | Liabilities | |
|------------------|------------------|------------------|------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 |
| HK\$ against RMB | - | 355,488 | 86,206 | - |
| RMB against HK\$ | 113,286 | 140,889 | 600,086 | 551,628 |

In addition, the Group was also exposed to foreign currency risk arising from foreign currency forward contracts which were not subject to cash flow hedges as at 31 December 2024 and 2023. Management of the Group monitors foreign exchange exposure and considers hedging significant foreign exchange exposure should the need arise.

Notes to the Consolidated Financial Statements

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41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

Currency risk (Cont'd)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) strengthening in the group entities' functional currencies against the relevant foreign currencies except for the Group's exposure of US\$ relative to HK\$ since the directors of the Company consider HK\$ is pegged to US\$ and the exposure related to US\$ is insignificant. 5% (2023: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. The sensitivity analysis also includes intra-group balances where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive/negative number below indicates an increase/decrease in post-tax profit for the year.

| | Impact on HK\$ | | Impact on US\$ | | Impact on RMB | |
|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 |
| Profit or loss | 3,610 | (15,081) | (5,278) | (2,647) | 20,669 | 16,707 |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

No sensitivity analysis on foreign exchange forward contracts is performed for the years ended 31 December 2024 and 2023 as it is not regarded as significant.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk relating to the variable-rate bank deposits and balances, bank borrowings and derivative financial instruments, including interest rate swap, which mainly concentrated on fluctuation of HIBOR. Management of the Group monitors interest rate exposure and considers hedging significant interest rate exposure should the need arise.

Notes to the Consolidated Financial Statements

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41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

Interest rate risk (Cont'd)

Sensitivity analysis

For the variable-rate bank balances at 31 December 2024 and 2023, the directors of the Company consider the Group's exposure to cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate. Accordingly, no sensitivity analysis on interest rate risk on bank balances is presented.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. The analysis includes the variable-rate bank borrowings, assuming that outstanding balances at the end of the reporting period are outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by approximately HK\$5,719,000 (2023: HK\$5,969,000).

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

No sensitivity analysis on interest rate swap contracts is performed for the years ended 31 December 2023 as it is not regarded as significant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, deposits and other receivables, customs deposit, amounts due from joint ventures, long-term deposits, short-term deposits and balances and cash equivalents, whose carrying amounts best represent the maximum exposure to credit risk. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for trade receivables and other financial assets (deposits and other receivables, customs deposit, amounts due from joint ventures, long-term deposits, short-term deposits and balances and cash equivalents) under ECL model.

Notes to the Consolidated Financial Statements

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41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The Group's internal credit risk grading assessment comprises the following categories:

| Internal credit rating | Description | Trade receivables | Other financial assets |
|------------------------|---|------------------------------------|------------------------------------|
| Low risk | The counterparty has a low risk of default and does not have any past-due over 30 days amounts | Lifetime ECL – not credit-impaired | 12-month ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | Lifetime ECL – not credit-impaired | 12-month ECL |
| Doubtful | There have been significant increases in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL – not credit-impaired | Lifetime ECL – not credit-impaired |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off | Amount is written off |

Notes to the Consolidated Financial Statements

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41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost which are subject to ECL assessment:

| | Notes | External credit rating | 12-month or lifetime ECL | Gross carrying amount | |
|---------------------------------------|---------|----------------------------------|---------------------------------------|-----------------------|------------------|
| | | | | 2024 HK\$'000 | 2023 HK\$'000 |
| Trade receivables | 24 | N/A | Lifetime ECL (not credit-impaired) | 652,868 | 637,215 |
| | 24 | N/A | Lifetime ECL (credit-impaired) | 3,769 | 5,736 |
| Deposits and other receivables | 25 | N/A | 12-month ECL (not credit-impaired) | 30,076 | 31,433 |
| Customs deposit | 21 & 25 | N/A | 12-month ECL (not credit-impaired) | 24,868 | 33,127 |
| Amounts due from joint ventures | 26 | N/A | 12-month ECL (not credit-impaired) | 5,395 | 5,395 |
| | | N/A | Lifetime ECL (credit-impaired) | 17,086 | 17,086 |
| Long-term bank deposits | 28 | Baa2 | 12-month ECL (not credit-impaired) | – | 40,857 |
| Short-term bank deposits and balances | 28 | Aa2 – Baa3 (2023: A1 – Baa2) | 12-month ECL (not credit-impaired) | 234,480 | 63,550 |
| Cash equivalents | 29 | Aa1 – Baa3 (2023: Aa1 – Baa3) | 12-month ECL (not credit-impaired) | 332,950 | 556,896 |

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41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality by internal credit rating and defines credit limits by customer. Credit limits attributed to customers are reviewed twice a year. The terms of payment of the major customers are under bank's letter of credit. Other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group performs impairment assessment under ECL model on trade receivables which are not credit-impaired collectively grouped by internal credit rating and individually for debtors which are credit impaired. The expected credit losses on trade receivables are estimated by reference to past due status of the individual debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, future economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The debtors which are not credit-impaired are grouped by internal credit rating and assessed collectively as below:

| Internal credit rating | 2024 | | | 2023 | | |
|------------------------|-----------|-----------------------------------|---------------------------------------|-----------|-----------------------------------|---------------------------------------|
| | Loss rate | Gross carrying amount HK\$'000 | Impairment loss allowance HK\$'000 | Loss rate | Gross carrying amount HK\$'000 | Impairment loss allowance HK\$'000 |
| Low risk | 0.16% | 553,270 | 863 | 0.14% | 512,134 | 701 |
| Watch list | 3.20% | 21,083 | 674 | 2.81% | 76,708 | 2,157 |
| Doubtful | 6.50% | 78,515 | 5,100 | 4.18% | 48,373 | 2,022 |
| | | 652,868 | 6,637 | | 637,215 | 4,880 |

An estimated loss rate is applied to each group of internal credit rating. The loss rates are estimated taking into consideration past repayment history and proxy to default rates published by international credit-rating agencies and are adjusted for forward-looking information.

Debtors which are credit impaired with gross carrying amounts of HK\$3,769,000 (2023: HK\$5,736,000) are assessed individually, with impairment allowance on the impaired balance of HK\$2,917,000 (2023: HK\$4,782,000).

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For the year ended 31 December 2024

41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Trade receivables (Cont'd)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

| | Lifetime ECL (not credit- impaired) HK\$'000 | Lifetime ECL (credit- impaired) HK\$'000 | Total HK\$'000 |
|--|---|---|-------------------|
| At 1 January 2023 | 9,898 | 9,627 | 19,525 |
| Impairment losses under expected credit loss model, net of reversal | (4,777) | (3,027) | (7,804) |
| Write-offs | – | (1,750) | (1,750) |
| Exchange realignment | (241) | (68) | (309) |
| At 31 December 2023 | 4,880 | 4,782 | 9,662 |
| Impairment losses under expected credit loss model, net of reversal | 2,280 | (2,415) | (135) |
| Write-offs | – | (14) | (14) |
| Transfer | (623) | 623 | – |
| Exchange realignment | 100 | (59) | 41 |
| At 31 December 2024 | 6,637 | 2,917 | 9,554 |

Deposits and other receivables, customs deposit and amounts due from joint ventures

For deposits and other receivables (mainly represent refund and claims receivables and utility deposits), customs deposit and amounts due from joint ventures, the directors of the Company make individual assessment on the ECL of these balances based on creditability of debtors, historical settlement records, past experience, and also available reasonable and supportive forward-looking information, to ensure that adequate provisions for impairment losses are made.

The directors of the Company consider that there is no material credit risk inherent with the outstanding balance of deposits and other receivables and customs deposit after individual assessment on the recoverability of these balances based on creditability of debtors, historical settlement records, past experience, and also available reasonable and supportive forward-looking information.

The directors of the Company consider that the risk of default by the counterparties is low taking into account the creditability of debtors, historical settlement records and the financial position of the joint ventures, except for the amount due from Longford. At 31 December 2024 and 2023, the Group considered the prospect of recovery for the amount due from Longford is remote due to the legal dispute and determined that a full impairment of HK\$17,086,000 (2023: HK\$17,086,000) was recognised.

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41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Long-term deposits, short-term deposits and balances and cash equivalents

The Group's long-term deposits, short-term deposits and balances and cash equivalents are placed with banks of high credit ratings. The directors of the Company assessed the credit risk by reference to information relating to probability of default and loss given default of the respective external credit rating grades published by external credit rating agencies and concluded the risk of default by counterparties is low.

The credit risk on cash equivalents, long-term deposits and short-term bank deposits and balances is limited because the counterparties are banks with high credit rating ranging from Aa1 to Baa3 (2023: Aa1 to Baa3) assigned by international credit-rating agencies. The Group performed an impairment assessment at 12m ECL by reference to information published by external credit rating agencies relating to probability of default and loss given default of the respective credit rating grades, and concluded that the risks of default of these counterparties are low. Accordingly, no impairment loss has been recognised as amount involved is insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of whether the banks would choose to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as management of the Group considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

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For the year ended 31 December 2024

41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables

| | Weighted average interest rate % | On demand or less than 3 months HK\$'000 | 3 months to 1 year HK\$'000 | 1 – 2 years HK\$'000 | 2 – 5 years HK\$'000 | Over 5 years HK\$'000 | Total undiscounted cash flows HK\$'000 | Carrying amount HK\$'000 |
|---|---|---|-----------------------------------|----------------------------|----------------------------|-----------------------------|---|--------------------------------|
| 2024 | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Trade payables | N/A | 675,878 | - | - | - | - | 675,878 | 675,878 |
| Other payables | N/A | 83,373 | - | - | - | - | 83,373 | 83,373 |
| Amount due to an associate | N/A | 691 | - | - | - | - | 691 | 691 |
| Lease liabilities | 4.51 | 1,063 | 3,185 | 1,250 | 680 | - | 6,178 | 5,934 |
| Bank borrowings | | | | | | | | |
| – Fixed-rate | 3.70 | 236,996 | - | - | - | - | 236,996 | 236,153 |
| – Variable-rate | 5.57 | 327,444 | 266,382 | 147,468 | 717,299 | 166,840 | 1,625,433 | 1,363,775 |
| | | 1,325,445 | 269,567 | 148,718 | 717,979 | 166,840 | 2,628,549 | 2,365,804 |
| Derivative-net settlement | | | | | | | | |
| Derivative financial instruments | | | | | | | | |
| – forward exchange contracts | N/A | (3,749) | - | - | - | - | (3,749) | (3,749) |
| 2023 | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Trade payables | N/A | 695,835 | - | - | - | - | 695,835 | 695,835 |
| Other payables | N/A | 129,488 | - | - | - | - | 129,488 | 129,488 |
| Amount due to an associate | N/A | 694 | - | - | - | - | 694 | 694 |
| Lease liabilities | 4.51 | 1,131 | 3,255 | 3,823 | 1,646 | - | 9,855 | 9,307 |
| Bank borrowings | | | | | | | | |
| – Fixed-rate | 2.07 | 218,602 | - | - | - | - | 218,602 | 218,581 |
| – Variable-rate | 6.12 | 143,807 | 692,862 | 591,095 | 135,742 | 175,817 | 1,739,323 | 1,423,672 |
| | | 1,189,557 | 696,117 | 594,918 | 137,388 | 175,817 | 2,793,797 | 2,477,577 |
| Derivative-net settlement | | | | | | | | |
| Derivative financial instruments | | | | | | | | |
| – forward exchange contracts | N/A | (3,195) | - | - | - | - | (3,195) | (3,195) |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables (Cont'd)

Bank loans with a repayment on demand clause are included in the “on demand or less than 3 month” time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of these bank loans amounted to HK\$330,823,000 (2023: HK\$207,422,000). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank loans will be repaid within 2 years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

| | Weighted average interest rate % | On demand or less than 3 months HK\$'000 | 3 months to 1 year HK\$'000 | 1-2 years HK\$'000 | 2-5 years HK\$'000 | Total undiscounted cash flows HK\$'000 | Carrying amount HK\$'000 |
|---|---|---|-----------------------------------|--------------------------|--------------------------|---|--------------------------------|
| Non-derivative financial liabilities | | | | | | | |
| 31 December 2024 | 4.3 | 156,201 | 100,279 | 75,205 | 11,410 | 343,095 | 330,823 |
| 31 December 2023 | 6.9 | 78,970 | 88,702 | 24,930 | 30,801 | 223,403 | 207,422 |

The amounts included above for variable interest rate instruments of non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group’s equity instruments at FVTOCI, derivative financial instruments and other financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

For valuation technique using discounted cash flows, the discount rates used take into consideration the credit risk of the relevant counterparties of the contracts or the Group, as appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

| Financial assets/ financial liabilities | Fair value as at | | Fair value hierarchy | Valuation(s) technique and key input(s) |
|--|------------------------------------|-----------------------------|-------------------------|---|
| | 31 December 2024 | 31 December 2023 | | |
| Foreign exchange forward contracts | Assets – nil | Assets – HK\$280,000 | Level 2 | Valuation technique: Discounted cash flow. |
| | Liabilities – HK\$3,749,000 | Liabilities – HK\$3,195,000 | | Key inputs: Forward exchange rates, contracted exchange rates and discount rates. |
| Unlisted financial products in Mainland China | Assets – HK\$15,137,000 | Assets – HK\$248,785,000 | Level 2 | Valuation techniques: Quoted price for identical assets from a platform |
| Unlisted funds in Hong Kong | Assets – HK\$10,515,000 | Assets – HK\$5,333,000 | Level 2 | Valuation techniques: Redeemable value provided by financial intuitions |
| Equity instruments at FVTOCI | Assets – HK\$5,616,000 | Assets – HK\$10,616,000 | Level 2 | Valuation technique: Net asset value. |

There is no transfer amongst level 1 and 2 for both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

42. Financial Assets and Financial Liabilities Subject to Offsetting Enforceable Master Netting Arrangements

The Group has entered into certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Netting Agreements (“ISDA Agreements”) signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. The carrying amounts of financial assets and financial liabilities presented under “Derivative financial instruments” in the consolidated statement of financial position is nil and HK\$3,749,000 (2023: HK\$280,000 and HK\$3,195,000), respectively.

The gross amounts of the recognised financial assets and financial liabilities disclosed above, which are subject to enforceable master netting arrangements, are measured as follows:

- Derivatives financial instruments – fair value

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. Operating Leasing Arrangements

The Group as lessor

The Group leases its investment properties under operating lease arrangements with lease term of one to ten years.

As at 31 December 2024, the Group received rentals from tenants in advance amounting to HK\$69,734,000 (2023: HK\$71,244,000) for leases after twelve months from the end of the reporting period that is classified as non-current other liabilities.

Fixed lease payments receivable on leases are as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--------------------|------------------|------------------|
| Within one year | 45,230 | 103,752 |
| In the second year | 62,082 | 80,844 |
| In the third year | 45,799 | 51,354 |
| In the fourth year | 33,307 | 40,009 |
| In the fifth year | 25,821 | 32,257 |
| After five years | 38,866 | 43,133 |
| | 251,105 | 351,349 |

44. Capital Commitments

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Capital expenditure in respect of the property, plant and equipment and investment properties contracted for but not provided for in the consolidated financial statements | 394,368 | 375,690 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

45. Reconciliation of Liabilities Arising from Financing Activities

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

| | Dividend payable (Note 13) HK\$'000 | Bank borrowings (Note 36) HK\$'000 | Lease liabilities (Note 32) HK\$'000 | Total HK\$'000 |
|----------------------------------|---|--|--|--------------------|
| At 1 January 2023 | – | (1,702,986) | (12,697) | (1,715,683) |
| Net cash flows | 47,370 | 144,785 | 4,790 | 196,945 |
| Finance costs (Note 8) | – | (80,190) | (516) | (80,706) |
| Interest capitalisation (Note 8) | – | (5,839) | – | (5,839) |
| Dividends declared | (47,370) | – | – | (47,370) |
| New lease entered | – | – | (1,073) | (1,073) |
| Exchange realignment | – | 1,977 | 189 | 2,166 |
| At 31 December 2023 | – | (1,642,253) | (9,307) | (1,651,560) |
| Net cash flows | 47,370 | 103,453 | 4,608 | 155,431 |
| Finance costs (Note 8) | – | (72,553) | (356) | (72,909) |
| Interest capitalisation (Note 8) | – | (3,847) | – | (3,847) |
| Dividends declared | (47,370) | – | – | (47,370) |
| New lease entered | – | – | (1,387) | (1,387) |
| Early termination of lease | – | – | 359 | 359 |
| Exchange realignment | – | 15,272 | 149 | 15,421 |
| At 31 December 2024 | – | (1,599,928) | (5,934) | (1,605,862) |

46. Major Non-Cash Transactions

In 2024, the Group entered into new lease agreements for the use of leased properties for 3 years (2023: 3 years) and recognised right-of-use assets and lease liabilities of HK\$1,387,000 and HK\$1,387,000 (2023: HK\$1,073,000 and HK\$1,073,000), respectively, upon lease commencement, that are non-cash transactions.

In 2024, the Group terminated certain leases and derecognised right-of-use assets and lease liabilities of HK\$359,000 and HK\$387,000, respectively, and recognised a gain of HK\$28,000 upon termination of the leases, that are non-cash transactions.

47. Related Party Transactions

Apart from amounts due from joint ventures, amount due to an associate and share options held by the directors of the Company as set out in Notes 26, 33 and 39, respectively, the Group had the following transactions with related parties during the year:

Compensation of key management personnel

The remuneration of directors of the Company, which are the key management personnel during the year are set out in Note 9, is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. Particulars of Principal Subsidiaries

Details of the Company's principal subsidiaries are as follows:

| Name of subsidiary | Place of incorporation or registration/ operations | Issued and fully paid share capital/ registered capital | Proportion of nominal value of issued capital/ registered capital held by the Group | | Principal activities |
|--|--|---|---|-----------|---|
| | | | 2024 % | 2023 % | |
| Advance Textile and Apparel Limited | Hong Kong | HK\$1 | 100 | 100 | Garment trading |
| Angel Star Investment Limited | Hong Kong | HK\$2 Ordinary HK\$2 Non-voting deferred | 65 | 65 | Holding of trademarks |
| Breamad International Inc. | BVI/USA | US\$1 | 100 | 100 | Holding of trademarks |
| Dayu Garments Company Limited | Hong Kong | HK\$2 | 100 | 100 | Garment trading and retailing |
| Dongguan Dalisheng Fashion Co., Ltd. | Mainland China | HK\$28,000,000 | 80 | 80 | Garment manufacturing |
| Dongguan Yihao Fashions Limited (note) | Mainland China | HK\$20,500,000 | 100 | 100 | Garment manufacturing |
| Eminent Garment (Cambodia) Limited | Cambodia | US\$12,000,000 | 100 | 100 | Garment manufacturing |
| Eminent Garment Limited | Hong Kong | HK\$2 | 100 | 100 | Garment trading |
| 杭州譽瑞資產管理有限公司 | Mainland China | RMB3,000,000 | 100 | 100 | Property management |
| High Fashion Accessories and Gifts Limited | Hong Kong | HK\$2 | 100 | 100 | Garment trading |
| High Fashion Apparel Limited | BVI/Hong Kong | US\$1,000 | 100 | 100 | Investment holding |
| High Fashion (China) (note) | Mainland China | US\$121,865,779 | 100 | 100 | Dyeing, printing and sandwashing of fabrics and garment manufacturing |
| High Fashion Garments Company Limited | Hong Kong | HK\$2 Ordinary HK\$10,000,000 Non-voting deferred | 100 | 100 | Garment trading and property leasing |
| High Fashion Garments, Inc. | USA | US\$5,000 | 100 | 100 | Marketing and garment trading |
| High Fashion Garments Management Limited | Hong Kong | HK\$20 Ordinary HK\$20 Non-voting deferred | 100 | 100 | Provision of management services |
| High Fashion International (USA) Inc. | USA | US\$1,800 | 100 | 100 | Investment holding |
| High Fashion Knit Company Limited | Hong Kong | HK\$2 | 100 | 100 | Garment trading |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. Particulars of Principal Subsidiaries (Cont'd)

| Name of subsidiary | Place of incorporation or registration/ operations | Issued and fully paid share capital/ registered capital | Proportion of nominal value of issued capital/ registered capital held by the Group | | Principal activities |
|---|--|---|---|--------|--|
| | | | 2024 % | 2023 % | |
| High Fashion Garments International Company Limited | Hong Kong | HK\$2 Ordinary HK\$1,000,000 Non-voting deferred | 100 | 100 | Garment trading and provision of investment services |
| High Fashion Knitwear Overseas Limited | Hong Kong | HK\$2 Ordinary HK\$10,000 Non-voting deferred | 100 | 100 | Garment trading and investment holding |
| High Fashion Silk (note) | Mainland China | US\$50,000,000 | 100 | 100 | Silk weaving |
| Navigation Limited | BVI | US\$1 | 100 | 100 | Investment holding |
| 上海達利發絲綢有限公司 | Mainland China | RMB500,000 | 100 | 100 | Sales of silk products |
| Shenzhen Daliyu Fashion Co. Ltd. | Mainland China | RMB10,000,000 | 100 | 100 | Garment retailing |
| The King Garment Limited | Hong Kong | HK\$2 | 100 | 100 | Garment trading |
| Theme Garments (Shenzhen) Company Limited (note) | Mainland China | RMB60,000,000 | 100 | 100 | Garment retailing |
| Theme International Holdings (B.V.I.) Limited | BVI | US\$10,001 | 100 | 100 | Investment holding |
| 新昌縣達利商業廣場有限公司 | Mainland China | RMB5,000,000 | 100 | 100 | Property development |
| 新昌縣達利順文化創意有限公司 | Mainland China | RMB6,000,000 | 100 | 100 | Silk culture tourism development |
| 新昌達利置業有限公司 | Mainland China | RMB5,000,000 | 100 | 100 | Property development |
| Zhejiang High Fashion Culture Creativity Co., Ltd. (note) | Mainland China | US\$20,000,000 | 100 | 100 | Culture development |

Note: These companies are registered as a wholly-owned foreign enterprise.

High Fashion Apparel Limited is a directly held wholly-owned subsidiary of the Company. Except for High Fashion Apparel Limited, all subsidiaries listed above are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. Performance Guarantees

As at 31 December 2024, performance bonds of HK\$21,624,000 (2023: HK\$31,802,000) were given by banks in favour of China Customs for import goods under unsecured banking facilities.

50. Statement of Financial Position and Reserves of the Company

| | 2024 HK\$'000 | 2023 HK\$'000 |
|------------------------------|------------------|------------------|
| Non-current asset | | |
| Investment in a subsidiary | 329,745 | 336,772 |
| Current assets | | |
| Prepayment | 151 | 176 |
| Amount due from subsidiaries | 181,101 | 229,378 |
| Cash and cash equivalents | 179 | 164 |
| | 181,431 | 229,718 |
| Current liability | | |
| Other payables and accruals | 2,047 | 1,868 |
| Net current assets | 179,384 | 227,850 |
| | 509,129 | 564,622 |
| Capital and reserves | | |
| Share capital | 30,562 | 30,562 |
| Reserves | 478,567 | 534,060 |
| Total equity | 509,129 | 564,622 |

Movement in the Company's reserves

| | Share premium HK\$'000 | Capital reserve HK\$'000 | Capital redemption reserve HK\$'000 | Contribution surplus HK\$'000 | Translation reserve HK\$'000 | Share option reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
|---|------------------------------|--------------------------------|--|-------------------------------------|------------------------------------|--|---------------------------------|-------------------|
| At 1 January 2023 | 287,656 | 16,520 | 8,511 | 101,171 | (84,914) | 1,914 | 39,523 | 370,381 |
| Exchange differences arising on translation | - | - | - | - | (5,942) | - | - | (5,942) |
| Profit for the year | - | - | - | - | - | - | 216,991 | 216,991 |
| Dividends declared and paid in cash | - | - | - | - | - | - | (47,370) | (47,370) |
| At 31 December 2023 | 287,656 | 16,520 | 8,511 | 101,171 | (90,856) | 1,914 | 209,144 | 534,060 |
| Exchange differences arising on translation | - | - | - | - | (7,027) | - | - | (7,027) |
| Loss for the year | - | - | - | - | - | - | (1,096) | (1,096) |
| Dividends declared and paid in cash | - | - | - | - | - | - | (47,370) | (47,370) |
| At 31 December 2024 | 287,656 | 16,520 | 8,511 | 101,171 | (97,883) | 1,914 | 160,678 | 478,567 |

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial periods, as extracted from the audited financial statements, is set out below:

Results

| | 2024 HK\$'000 | Year ended 31 December | | | |
|---|--------------------------------|-------------------------------|------------------|------------------|------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 | 2020 HK\$'000 |
| Revenue | 3,336,832 | 3,306,882 | 3,515,405 | 2,887,860 | 2,157,101 |
| Profit before taxation | 112,772 | 142,245 | 210,206 | 185,854 | 161,667 |
| Taxation | (16,845) | (29,415) | (54,811) | (38,240) | (36,503) |
| Profit for the year | 95,927 | 112,830 | 155,395 | 147,614 | 125,164 |
| Profit (loss) for the year attributable to: | | | | | |
| Owners of the Company | 91,681 | 113,662 | 154,043 | 147,214 | 124,518 |
| Non-controlling interests | 4,246 | (832) | 1,352 | 400 | 646 |
| | 95,927 | 112,830 | 155,395 | 147,614 | 125,164 |

Assets and Liabilities

| | 2024 HK\$'000 | At 31 December | | | |
|-------------------|--------------------------------|-----------------------|------------------|------------------|------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 | 2020 HK\$'000 |
| Total assets | 6,179,047 | 6,349,958 | 6,227,581 | 6,166,623 | 5,679,482 |
| Total liabilities | (3,087,989) | (3,255,681) | (3,089,588) | (3,043,977) | (2,808,198) |
| | 3,091,058 | 3,094,277 | 3,137,993 | 3,122,646 | 2,871,284 |

Schedule of Principal Investment Properties

| Particulars | Approximate Gross Floor Area (square meters) | Lease Term | Usage | Stage of Completion | Group's interest (%) |
|--|---|-------------|------------------------------------|------------------------|----------------------------|
| G/F-10/F, 13/F, partly 11/F and 12/F, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong. <i>(note i)</i> | 16,986 | Medium term | Commercial/Office | Completed | 100% |
| Shennan Road, Che Gong Miao, Fu Tian District, Shenzhen. Hanggang Fuchun Commercial Building 12 units on L1 & L2. | 3,667 | Long term | Commercial/Office | Completed | 100% |
| 8, Qiannong Road (E), Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province. <i>(note ii)</i> | 107,241 | Medium term | Industrial | Completed | 100% |
| 109, Renmin East Road, Xinchang County, Shaoxing, Zhejiang Province. 達利廣場 | 33,252 | Medium term | Commercial | Completed | 100% |
| Jiangbin East Road, Xinchang County, Shaoxing, Zhejiang Province. 達利大廈 | 6,913 | Long term | Commercial/Office | Completed | 100% |
| Southeast intersection of Yingchun South Road and 320 National Road, Chengxin Zone, Tonglu County, Zhejiang Province. (land lot no. 1&2) | 56,632 | Medium term | Cultural and tourist attraction | Completed | 100% |
| Qianjiang farm, Qianjiang Road South, Bridge South, Xiaoshan, Hangzhou, Zhejiang Province. | 116,881 | Long term | Industrial | Under development | 100% |
| Unit 1 Block 17, 618 Ding Yuan Lu Songjiang Qu, Shanghai, China | 3,795 | Medium term | Industrial | Completed | 100% |

notes:

- (i) The lot number of the property is Lot No. 338. Partly 11/F and 12/F of High Fashion Centre serving as the Group's head office not included in the above.
- (ii) Areas currently occupied by the Group's manufacturing business not included in the above.

Corporate Information

Board of Directors

Executive Directors

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Gee Yu, Will (*Managing Director*)
Mr. Lam Din Yu, Well (*Managing Director (China)*)

Non-executive Director

Ms. Leung Wing Man, Mabel

Independent Non-executive Directors

Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing
Mr. Wong Chun Sek, Edmund

Audit Committee

Mr. Wong Chun Sek, Edmund (*Chairman*)
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing

Remuneration Committee

Mr. Chung Kwok Pan (*Chairman*)
Mr. Lam Gee Yu, Will
Mr. Wong Chun Sek, Edmund

Nomination Committee

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Din Yu, Well
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing

Risk Management Committee

Mr. Lam Gee Yu, Will (*Chairman*)
Mr. Lam Din Yu, Well
Ms. Leung Wing Man, Mabel
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing
Mr. Wong Chun Sek, Edmund

Company Secretary

Ms. Cheuk Chui King

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Adviser in Hong Kong

Wilkinson & Grist

Legal Adviser on Bermuda Law

Conyers Dill & Pearman

Registered Office

Clarendon House, 2 Church Street,
Hamilton HM11, Bermuda

Head Office and Principal Place of Business

11/F, High Fashion Centre,
1-11 Kwai Hei Street, Kwai Chung,
New Territories, Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited, Hong Kong Branch

Stock Code

608

Company Website

www.highfashion.com.hk

Shareholders & Investor Relation Information

Results Announcement:

| | |
|--------------|----------------|
| 2024 Final | 31 March 2025 |
| 2024 Interim | 23 August 2024 |
| 2023 Final | 26 March 2024 |
| 2023 Interim | 22 August 2023 |

2025 Annual General Meeting

10 June 2025

Closure of Register of Members

Event

Book close period (both days inclusive)

For attendance to 2025
Annual General Meeting

6 June 2025 to 10 June 2025

Dividends:

| | |
|--------------|---|
| 2024 Final | Nil |
| 2024 Interim | 3.5 HK cents per share paid on 4 October 2024 |
| 2023 Final | 12 HK cents per share paid on 5 July 2024 |
| 2023 Interim | 3.5 HK cents per share paid on 6 October 2023 |

Authorised Shares

1,000,000,000 ordinary shares

Issued Shares

305,615,420 ordinary shares (as at 31 December 2024)

Board Lot

2,000 shares

Financial Year End

31 December

Stock Code

608

Company Website

www.highfashion.com.hk

Listing Date

4 August 1992