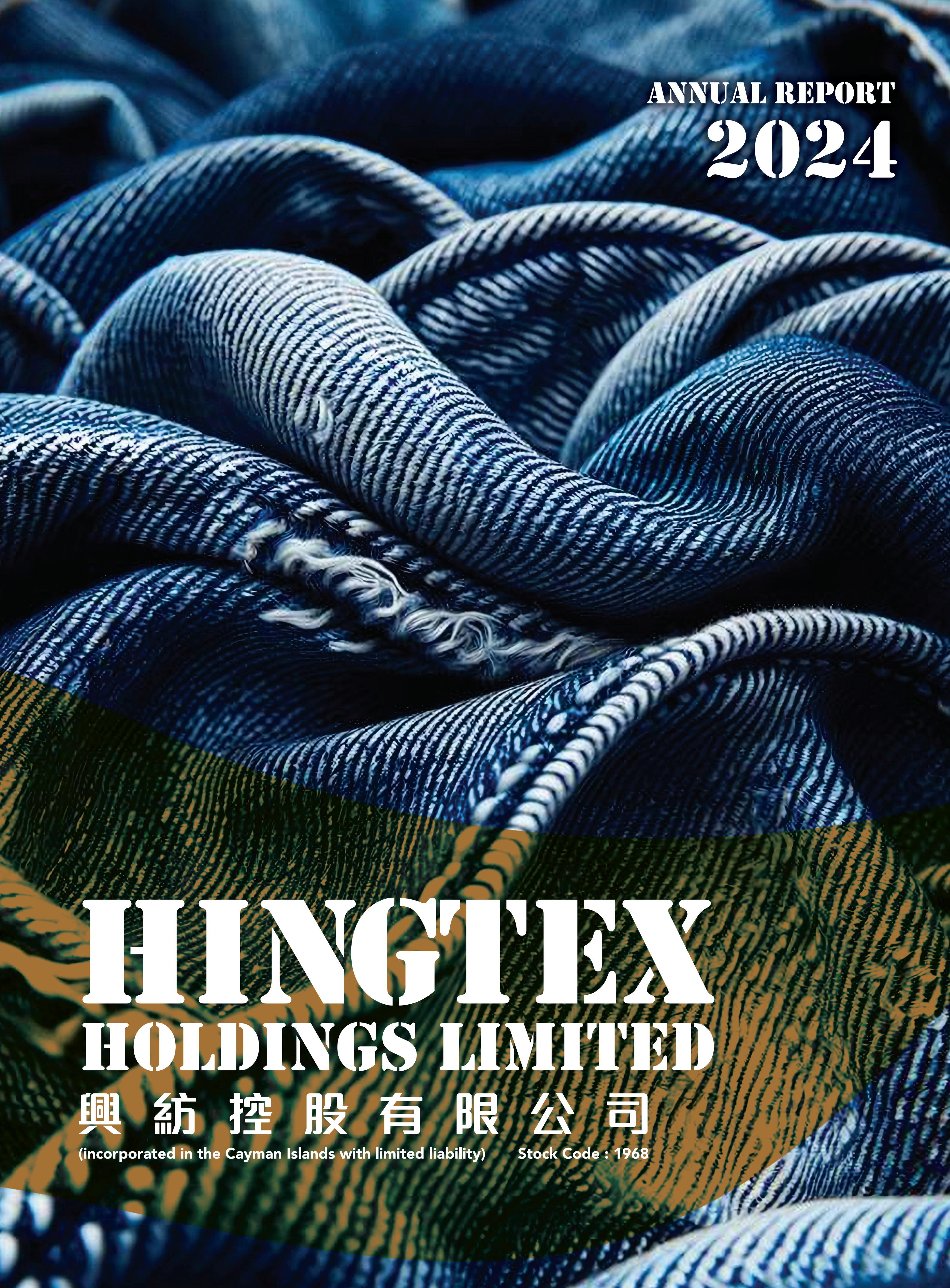

ANNUAL REPORT
2024

HINGTEX HOLDINGS LIMITED
興紡控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1968

Contents

Chairlady's Statement

During the year ended 31 December 2024 (the "Year"), the global denim industry remained clouded by uncertainties, including tariff adjustments by the United States (the "U.S.") administration, which is a major denim market. In response, Hingtex Holdings Limited ("Hingtex" or the "Company") and its subsidiaries (collectively, the "Group") took deliberate steps to capitalise on the post-COVID-19 pandemic recovery. This included actively engaging with customers and enhancing its operational efficiency. Moreover, as part of the Group's *China Plus One* strategy, it partnered with a Vietnamese subcontractor to establish a new production line to better serve customers with diverse procurement needs. These initiatives contributed to a notable improvement in the Group's performance when compared with 2023, achieving significant increases in both revenue and gross profit. However, foreign exchange losses driven by the depreciation of the RMB negatively impacted on the Group's financial results, partially offsetting the gains achieved during the Year.

As at the year ended 31 December 2024, the Group's total revenue amounted to approximately HK$214.7 million (2023: HK$162.9 million), representing a year-on-year increase of approximately 31.8%. Gross profit totalled approximately HK$33.4 million (2023: HK$21.7 million) and gross profit margin was approximately 15.6% (2023: 13.3%). Loss attributable to owners of the Company amounted to approximately HK$35.0 million (2023: loss of HK$37.8 million) with loss per share of approximately 5.46 HK cents (2023: loss per share of 5.91 HK cents).

The Group's debt-to-equity ratio has increased from 11.8% in 2023 to 16.0% for the Year, primarily due to the securing of certain borrowings from a bank in the People's Republic of China (the "PRC" or the "Chinese Mainland") with lower interest rates to replace those from banks in Hong Kong. Additionally, the renewal of certain leases led to an increase in lease liabilities under the applicable accounting method, which contributed to an overall increase in total liabilities. The cash and cash equivalents level have decreased from HK$60.7 million in 2023 to HK$46.2 million for the Year.

BUSINESS REVIEW

For the year ended 31 December 2024, the Group commenced a "seeding" period, hence it focused on seizing opportunities to restore sales momentum and lay the groundwork for future growth. With the global economy gradually recovering from the impacts of the COVID-19 pandemic, the Group actively engaged with brand owner customers ("BOCs") in the U.S., its principal market. It also participated in key denim exhibitions in the U.S., the PRC and Europe to secure additional sales orders. Consequently, orders from the Group's regular U.S.-based BOCs remained stable throughout the Year, while even more encouragingly, orders from several smaller premium U.S.-based brands experienced significant growth. Such outcomes testify to the effectiveness of the Group's proactive approach to expanding its customer base and strengthening its market presence.

Also a part of seeding efforts, and in line with the Group's *China Plus One* strategy, the Group reached an agreement in April 2024 with its Vietnamese subcontractor to work together on a new production line. This partnership has jump-started the Group's business with BOCs whose internal policies restrict procurement from mills based solely in the PRC. The initial mass-production orders placed with the Vietnam subcontractor have delivered satisfactory results, enhancing the Group's operational flexibility and strengthening its ability to meet the evolving needs of customers.

Chairlady's Statement

Additionally, the Group is at the stage of finalising the calibration of the two large pieces of equipment for finishing and dyeing, imported from Germany and Italy, respectively, at its production facilities in Zhongshan, Guangdong, the PRC. These state-of-the-art equipment, while in their final installation phase, have facilitated the early launch of new products during the Year, surpassing the Group's initial timelines. Exclusively available to the Group within the PRC, these machines offer a distinct advantage in terms of production capability and product development. The management strategically leverages these resources to bolster the Group's market position, and enhance its competitive edge in the industry.

As for the other business interests, the Group expanded its property investment portfolio by launching its property renovation business in Shanghai, the PRC, in June 2024. Leveraging its experience gained in property renovation in Hong Kong, the latest investment underscores the Group's commitment to diversification and long-term growth. While the PRC property market is presently experiencing a downturn, and the renovation business generated modest revenue of approximately HK$11.4 million during the year, the initiative is expected to provide steady contributions to the Group's financial performance over time. Meanwhile, the Group's investment in the Tsuen Wan property has continued to support its diversification strategy and risk mitigation efforts. Monthly rental income has remained stable throughout the Year, offering a dependable source of recurring revenue.

PROSPECTS

Looking ahead to the new financial year, the management remains cautiously optimistic about the Group's performance, despite uncertainties surrounding the macroeconomic environment. With ongoing inquiries from BOCs, the Group expects notable growth in the U.S. market from 2025 onwards, driven by its efforts to strengthen customer relations and seize emerging opportunities.

To ensure that the Group is well equipped to capitalise on the opportunities that arise, the management will continue to expand production capacity in Vietnam. This will involve further collaboration with its subcontractor to establish a "total vertical production line" in the Southeast Asia country. This initiative will allow the Group to strategically centralise the entire denim fabric manufacturing process, encompassing all stages, from the sourcing of raw materials to the production of finished denim garment products. By consolidating production in Vietnam, the Group can specifically address the needs of certain BOCs that have adopted or are contemplating the adoption of a *China Plus One* strategy, thereby ensuring that they can place their confidence in the Group.

In addition to expanding production capacity in Vietnam, the Group is enhancing productivity at the Zhongshan plant now that the two advanced pieces of equipment for finishing and dyeing have been installed and are fully operational. These important assets are expected to significantly bolster the Group's ability to meet higher volume orders of sophisticated denim fabrics that customers are increasingly preferring. By leveraging cutting-edge technologies, production processes are also streamlined, efficiency is improved, and consistently high-quality output is assured. Furthermore, the Group can transfer the production of less complex denim fabrics to its Vietnam sub-contractor. All of these advantages place the Group in a decidedly favourable position to effectively respond to the constantly evolving market demand, all the while maintaining its competitive edge in delivering high-quality denim products. The management is therefore confident that the production upgrades will contribute meaningfully to the Group's productivity and overall business performance in the years to come.

Chairlady's Statement

The management is also fully aware of the importance of nurturing and strengthening ties with its existing brand owner customers while actively pursuing partnerships with new brands. The Group will therefore double its efforts to engage in face-to-face meetings, participate in industry exhibitions, and leverage its strong research and development capabilities and flexible production processes to meet the diverse needs of customers. In addition to its efforts, the Group will also work with a newly appointed agent to expand its footprint in Europe, targeting opportunities in this strategically important region. By diversifying its customer base and reducing reliance on a single market, the Group intends to reduce its risk exposure while at the same time unlocking new revenue streams. These efforts underscore the Group's proactiveness in driving sustainable growth and fortifying its position as a trusted partner in the global denim industry.

Drawing on its technical expertise and production prowess, the Group also plans to develop high-quality, functional denim products that incorporate sustainable practices. This includes the use of certified recycled materials and synthetic fibres and the greater application of certified and organic cotton yarns. By enhancing its product offerings in this manner, the Group aims to remain competitive and responsive to market trends, as well as deliver value to its customers in a responsible manner.

Overall, the Group is committed to building on the progress made over the past year by executing strategies that are focused on production expansion, efficiency enhancement, business development, and product refinement. By aligning its operations with market trends and customer preferences, embracing sustainable practices, and maintaining strong bonds with key stakeholders, the Group is well-positioned to achieve further growth, ensure its success in an increasingly competitive market and deliver long-term value.

LAU Chung Chau
Chairlady and Non-executive Director

Hong Kong, 28 March 2025

Management Discussion and Analysis

FINANCIAL REVIEW

As at 31 December 2024, cash and cash equivalents decreased by HK$14.5 million to HK$46.2 million (2023: HK$60.7 million), primarily due to the operating and marketing needs during the year. Inventories remained at a similar level when compared with last year at HK$84.2 million (2023: HK$85.3 million). Trade and bills receivables increased by HK$14.5 million to HK$27.9 million (2023: HK$13.4 million) as a result of more denim fabrics sold and delivered in the fourth quarter of 2024 against the comparable period in 2023. Current liabilities also increased by HK$19.3 million to HK$77.9 million (2023: HK$58.6 million) due to the increase in raw material purchases close to 2024 year-end and therefore the corresponding increase in trade and bills payables by HK$22.2 million to HK$34.2 million (2023: HK$12.0 million) in response to the anticipated manufacturing and delivery of goods in early 2025.

CAPITAL COMMITMENT

As at 31 December 2024, the Group had no capital commitment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations primarily with internally generated funds from operating activities and banking facilities currently available. It is anticipated that the Group has sufficient working capital to meet its present funding requirements.

As at 31 December 2024, net current assets were approximately HK$110.2 million (2023: HK$132.0 million). Cash and cash equivalents as at 31 December 2024 were approximately HK$46.2 million (2023: HK$60.7 million).

As at 31 December 2024, there were bank borrowings of approximately HK$30.8 million (2023: HK$29.0 million), and the Group has HK$71.7 million in available banking facilities as at 31 December 2024 (2023: HK$72.3 million).

GEARING RATIO

As at 31 December 2024, the gearing ratio of the Group, based on total borrowings (including bank borrowings and lease liabilities) to total equity (including all capital and reserves) of the Group, was 16.0% (2023: 11.8%).

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 346 employees (2023: 317 employees). The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. Remuneration packages offered to the Group's employees are consistent with prevailing levels and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and that of the individual employee. The Group provides training to employees. In the year ended 31 December 2024, the Group had not encountered any significant problems with its employees, nor had there been any dispute between the Group and its employees that might have caused any disruption to the Group's business or operation. The Group has had no difficulty in recruiting and retaining experienced staff.

A share option scheme was adopted on 19 June 2018 by the Company. As at 31 December 2024 and up to the date of this report, no share options were granted.

CAPITAL EXPENDITURE

The Group's capital expenditure was HK$0.9 million during the Year (2023: HK$3.5 million), which was mainly due to the capital investments in the Group's property, plant and equipment.

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign currency risk primarily through sales, purchases, cash and cash equivalents and bank borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily Renminbi. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations.

As at 31 December 2024, the Group's bank borrowings carried variable rates from 3.0% to 7.8% per annum (2023: 6.7% to 6.9%).

The Group is not engaged in the use of any financial instruments for hedging purposes. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liability.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no pledged assets.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Tung Wai Ting Stephen (董韋霆先生) (formerly known as Mr. Tung Hak Ming Stephen (董克明先生)) ("**Mr. Stephen Tung**"), aged 55, the chief executive officer, an executive director of the Company ("Director") and one of the controlling shareholders. Mr. Stephen Tung joined the Group on 6 October 1995. Mr. Stephen Tung obtained a Bachelor of Commerce degree at the University of Toronto in Canada in June 1993, and has approximately 29 years of experience in the textile and apparel industry. He is primarily responsible for administration, finance and production of the Group. Mr. Stephen Tung is the son of Ms. Lau, and brother of Mr. Stanley Tung, both being executive Directors.

Mr. Tung Cheuk Ming Stanley (董卓明先生) ("Mr. Stanley Tung"), aged 51, the sales director, an executive Director and one of the controlling shareholders. Mr. Stanley Tung joined the Group on 1 April 1997. Mr. Stanley Tung obtained a Bachelor of Arts degree from University of Toronto in Canada in November 1996, and has approximately 28 years of experience in the textile and apparel industry. He is primarily responsible for the sales and marketing of the Group. Furthermore, he has been assisting our product development by participating in international fabric exhibitions and fashion shows in various countries including the PRC and the United States. He is the son of Ms. Lau, and brother of Mr. Stephen Tung, both being executive Directors.

NON-EXECUTIVE DIRECTOR

Ms. Lau Chung Chau (劉中秋女士) ("Ms. Lau"), aged 76, the chairlady of the Board, a non-executive Director and one of the controlling shareholders. Ms. Lau has approximately 31 years of experience in the textile and apparel industry. Ms. Lau joined the Group in December 1992 by serving as a director of H.W. Textiles Co., Limited, being one of the subsidiaries of the Company. She has become an honorary consultant of the Group since January 2018. Ms. Lau is the mother of Mr. Stephen Tung and Mr. Stanley Tung, both being executive Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Ling Biu Gilbert (曾令鏢先生), aged 54, an independent non-executive Director. Mr. Tsang joined the Group on 19 June 2018. He is primarily responsible for supervising and providing independent advice to the Board. He is also the chairman of our audit committee. Mr. Tsang has over 27 years of experience in finance and accounting. Mr. Tsang obtained a Master of Commerce in Accounting and Finance from the University of New South Wales in Australia in 1995, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia in 1996. Mr. Tsang is also a fellow member of the CPA Australia (Certified Practising Accountants).

Mr. Cheung Che Kit Richard (張之傑先生), aged 53, an independent non-executive Director. Mr. Cheung joined the Group on 19 June 2018. He is primarily responsible for supervising and providing independent advice to our Board. He is also a member of our audit committee, remuneration committee and nomination committee. Mr. Cheung obtained a Bachelor of Commerce degree with first class honour from Queen's University in Canada in May 1995. Subsequently he obtained his Master's degree in Business Administration with high distinction from Harvard Business School in the United States in June 2001. From 2010 to 2022, Mr. Cheung worked as an executive director and board of management member for the Hong Kong Jockey Club, responsible for leading the local wagering business, as well as Mainland China and overseas business development. Mr. Cheung then became a senior director (commercial) for New World Development Company Limited (stock code: 0017) and the executive vice president of K11 Concepts Limited, primarily responsible for the group's business in retail, property sales and other B2C businesses. Mr. Cheung is currently working as the Group CEO for K11 Concepts Management Limited, leading a portfolio of business units under the K11 brand.

Directors and Senior Management

Mr. Wong Ming Bun David (黃銘斌先生), aged 52, an independent non-executive Director. Mr. Wong joined the Group on 9 August 2022. He is primarily responsible for supervising and providing independent advice to our Board. He is also the chairman of our remuneration committee and nomination committee, and a member of our audit committee. He obtained a Bachelor of Commerce degree in Accounting and Finance from the University of Toronto in June 1995. Mr. Wong has over 23 years of senior management, professional capital market, financial investment and asset management experience.

Mr. Wong is currently a non-executive director of China Rongzhong Financial Holdings Company Limited ("China Rongzhong", stock code: 3963), which is principally engaged in the business of provision of financial leasing services in the PRC. He is also the chief executive officer and an executive director of Goldbond Group Holdings Limited, a controlling shareholder of China Rongzhong, responsible for designing, planning and implementing the overall strategic direction of the company's financial services businesses in the PRC.

SENIOR MANAGEMENT

Ms. Poon Yuet Ling (潘月玲女士), aged 65, joined the Group on 5 August 1986 and is currently the senior accounting manager. Ms. Poon is primarily responsible for overseeing daily accounting operation, financial management, administration and human resource management of the Group. Ms. Poon completed her secondary education in Hong Kong in July 1977 and obtained an intermediate group certificate in business studies at the Hong Kong School of Commerce in February 1978. She has over 36 years of experience in accounting practice.

Mr. Tung Ming Po (董鳴寶先生), aged 78, is currently our assistant general manager. Mr. MP Tung is primarily responsible for administering and coordinating the manufacturing process of the Group. Prior to joining the Group, Mr. MP Tung worked in the same shipping agency for over 22 years, with his last position being the manager of the licenced crew department. As the manager, he was in charge of the manning of crew and officers such as recruitment, deployment and relief planning. Mr. Tung moved to Australia in December 1989 and returned to Hong Kong in September 1992, and joined the Group in October 1992.

Mr. Li Chi Hiu Lawrence (李之曉先生), aged 50, joined the Group on 1 July 2004 and is currently our sales manager. Mr. Li is primarily responsible for overseeing the sales management of the Group. Mr. Li graduated from the Seneca College of Applied Arts & Technology in Toronto, Canada in April 1997, and has more than 24 years of experience in the textile industry. Prior to joining our Group in 2005, Mr. Li was the project manager in Tiong Liong Industrial Company, a company based in Taiwan which manufactures and supplies functional textiles.

Mr. Cheung Ka Chun (張家俊先生), aged 42, was appointed as the chief financial officer and the company secretary of our Company on 16 January 2018 and is primarily responsible for (i) overseeing the financial and accounting functions of our Group and (ii) handling corporate secretarial and compliance work of our Group. Mr. Cheung has over 13 years of experience in audit and assurance and multi-national certified public accounting firms. Mr. Cheung was awarded the bachelor's degree of Business Administration (majoring in accounting and finance) by the University of Hong Kong in December 2004. He is a member of the Hong Kong Institute of Certified Public Accountants.

Report of the Directors

The Board is pleased to submit this annual report together with the consolidated financial statements for the year ended 31 December 2024, which have been audited by the Company's auditors Ernst & Young, Certified Public Accountants and reviewed by the audit committee of the Company (the "Audit Committee").

PRINCIPAL PLACE OF BUSINESS

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the manufacture and sale of denim fabrics.

BUSINESS REVIEW

For the business review of the Group for the year, please refer to the paragraph headed "Business Review" in the Chairlady's Statement and the paragraph headed "Financial Review" in the Management Discussion and Analysis.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 40.

The state of the Group's affair as at 31 December 2024 is set out in the consolidated statement of financial position on pages 41 to 42.

The Board does not recommend the payment of a final dividend for the year.

No arrangement under which a shareholder has waived or agreed to waive any dividends was made by the Company for the year.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK$221,000.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 43.

Report of the Directors

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2024, calculated in accordance with the Companies Law (Cap. 22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$117,600,000.

PRE-EMPTIVE RIGHTS

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Tung Wai Ting Stephen
Mr. Tung Cheuk Ming Stanley

Non-executive Director

Ms. Lau Chung Chau *(Chairlady)*

Independent Non-executive Directors

Mr. Tsang Ling Bin Gilbert
Mr. Cheung Che Kit Richard
Mr. Wong Ming Bun David

The Directors will retire by rotation in accordance with the requirement of the articles of association of the Company and the Listing Rules. The non-executive Director and the independent non-executive Directors are appointed for periods of three years.

The Company has received from the independent non-executive Directors a confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms and considers all of the independent non-executive Directors to be independent.

PERMITTED INDEMNITY PROVISIONS

During the year, appropriate insurance covering for the Directors' and senior management's liabilities arising out of activities of the Group has been arranged by the Company. As of the date of this annual report, such insurance covering remained effective.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be 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/or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required to be recorded in the register and to be kept, pursuant to Sections 336 and 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the model code for securities transactions by Directors of listed issuers (the "Model Code"), are as follows:

(a) Interests and/or short positions in our Company

Director	Nature of interest	Number of Shares held[1]	Percentage of Interest in the Company
Ms. Lau	Interest in controlled corporation[2]	480,000,000 (L)	75%
Mr. Stephen Tung	Interest in controlled corporation[2]	480,000,000 (L)	75%
Mr. Stanley Tung	Interest in controlled corporation[2]	480,000,000 (L)	75%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. Ms. Lau, Mr. Stephen Tung, Mr. Stanley Tung, Ms. Tung Wei Ling Barbara ("Ms. Barbara Tung"), Ms. Tung Wai Lai Mabel ("Ms. Mabel Tung") and the late Mr. Tung Tsun Hong ("Mr. TH Tung") entered into the Deed of Concert Parties (as defined in the Company's prospectus dated 28 June 2018), pursuant to which, the parties confirmed that they have been acting in concert with each other in exercising and implementing the management and operations of our subsidiaries and that it is their intention to continue to act in the above manner upon the Listing. Accordingly, Manford Investment Holdings Limited ("Manford Investment") is deemed to be accustomed and/or obliged to act in accordance with their directions and/or instructions and that, among others, each of Ms. Lau, Mr. Stephen Tung and Mr. Stanley Tung is deemed to be interested in all the Shares held by Manford Investment under the SFO.

(b) Interests and/or short positions in associated corporation(s)

Director	Company concerned	Nature of interests	Number of shares held in the company concerned[1]	Percentage of interest in the company concerned
Ms. Lau	Manford Investment[2]	Beneficial owner; a concert party to an agreement to buy shares described in s. 317(1)(a) of the SFO[3]	100 (L)	100%
Mr. Stephen Tung	Manford Investment[2]	Beneficial owner; a concert party to an agreement to buy shares described in s. 317(1)(a) of the SFO[3]	100 (L)	100%
Mr. Stanley Tung	Manford Investment[2]	Beneficial owner; a concert party to an agreement to buy shares described in s. 317(1)(a) of the SFO[3]	100 (L)	100%

Notes:

1. The letter "L" denotes long position in the shares held.

2. Manford Investment is interested in 75% of the issued Shares immediately following completion of the Capitalisation Issue and the Share Offer (as defined in the Company's prospectus dated 28 June 2018) (without taking into account any Share which may be allotted and issued upon the exercise of the Over-allotment Option (as defined in the Company's prospectus dated 28 June 2018) and any option which may be granted under the Share Option Scheme) and, accordingly, is the holding company of our Company within the meaning of the SFO.

3. Manford Investment is owned as to 30% by the late Mr. TH Tung, 20% each by Mr. Stephen Tung and Mr. Stanley Tung and 10% each by Ms. Lau, Ms. Barbara Tung and Ms. Mabel Tung, all of whom have entered into the Deed of Concert Parties, pursuant to which, the parties confirmed that they have been acting in concert with each other in exercising and implementing the management and operations of the subsidiaries and that it is their intention to continue to act in the above manner upon the Listing. Accordingly, each of Ms. Lau, Mr. Stephen Tung and Mr. Stanley Tung is deemed to be interested in the shares of Manford Investment held by the other parties to the Deed of Concert Parties under the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors nor the chief executive of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Sections 336 and 352 of the SFO, to be entered and to be kept in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, so far as the Directors were aware, the following persons had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Shares[1]	Percentage shareholding
Manford Investment[2]	Beneficial owner	480,000,000 (L)	75%
Mr. TH Tung	Interest of controlled corporation[3]	480,000,000 (L)	75%
Mr. Stephen Tung	Interest of controlled corporation[3]	480,000,000 (L)	75%
Mr. Stanley Tung	Interest of controlled corporation[3]	480,000,000 (L)	75%
Ms. Li Ka Mei	Interest of spouse[4]	480,000,000 (L)	75%
Ms. Lau	Interest of controlled corporation[3]	480,000,000 (L)	75%
Ms. Barbara Tung	Interest of controlled corporation[3]	480,000,000 (L)	75%
Mr. Li Chi Hiu Lawrence	Interest of spouse[5]	480,000,000 (L)	75%
Ms. Mabel Tung	Interest of controlled corporation[3]	480,000,000 (L)	75%
Mr. Fung Cheong Chi	Interest of spouse[6]	480,000,000 (L)	75%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. As at the date of this report, Manford Investment was owned as to 30% by the late Mr. TH Tung, 20% by Mr. Stephen Tung, 20% by Mr. Stanley Tung, 10% by Ms. Lau, 10% by Ms. Barbara Tung and 10% by Ms. Mabel Tung.

3. Mr. Stephen Tung, Mr. Stanley Tung, Ms. Lau, Ms. Barbara Tung, Ms. Mabel Tung and the late Mr. TH Tung entered into the Deed of Concert Parties, pursuant to which, among others, the parties confirmed that they have been acting in concert with each other in exercising and implementing the management and operations of our subsidiaries and that it is their intention to continue to act in the above manner upon the Listing. Accordingly, Manford Investment is deemed to be accustomed and/or obliged to act in accordance with their directions and/or instructions and that each of Mr. Stephen Tung, Mr. Stanley Tung, Ms. Lau, Ms. Barbara Tung, Ms. Mabel Tung and the late Mr. TH Tung is deemed to be interested in all the Shares held by Manford Investment under the SFO.

4. Ms. Li Ka Mei is the spouse of Mr. Stanley Tung and is deemed, under the SFO, to be interested in all the Shares that Mr. Stanley Tung is interested.

5. Mr. Li Chi Hiu Lawrence is the spouse of Ms. Barbara Tung and is deemed, under the SFO, to be interested in all the Shares that Ms. Barbara Tung is interested.

6. Mr. Fung Cheong Chi is the spouse of Ms. Mabel Tung and is deemed, under the SFO, to be interested in all the Shares that Ms. Mabel Tung is interested.

Save as disclosed above, as at the date of this report, the Directors are not aware of any person who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and the Senior Management are set out on pages 7 to 8.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the written resolutions of the Company's then sole shareholder passed on 19 June 2018. As of the date of this report, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to the eligible participants (the "Eligible Participants") as incentives or rewards for their contribution to the Group.

Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following Eligible Participants:

(i) any employee (whether full time or part time) of our Company, any subsidiary or any entity in which any member of our Group holds any equity interest (the "Invested Entity");

(ii) any Directors (including independent non-executive Directors) of the Company, any subsidiary or any Invested Entity;

(iii) any suppliers of goods and services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group

and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly-owned by one or more Eligible Participants.

Shares available for issuance

The maximum number of the Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at Listing Date, being 64,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may renew this limit at any time to 10% of the number of Shares in issue as at the date of the approval by the Shareholders in general meeting and/or grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The above is subject to the condition that the maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the number of Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded.

As at 28 March 2025, being the date of this report, the number of shares available for issue under the Share Option Scheme amounted to 64,000,000 Shares, representing 10% of the issued share capital of the Company. At the beginning and at the end of the year ended 31 December 2024, 64,000,000 outstanding share options were available for grant under the Share Option Scheme.

Maximum entitlement of each eligible participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular, the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules.

Time for exercising option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the Board and stated in the offer to a grantee and subject to the Listing Rules, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption on 19 June 2018.

The remaining life of the Share Option Scheme is approximately three years and two months (expiring on 19 June 2028).

Payment on acceptance of the option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance or payment in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Basis of determining exercise price of the option

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall not be less than the highest of:

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

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed under the sub-section headed "Connected Transactions" below and "Related Party Transactions" in note 32 to the consolidated financial statements, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party to and in which a Director had a material interest in, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed under the heading "Connected Transactions" below and "Related Party Transactions" in note 32 to the consolidated financial statements, no controlling shareholder or any of their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance to the business of the Group, to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, during the year.

During the year, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries was made.

DIRECTORS' SERVICE CONTRACTS

The Shares were listed on the Main Board of the Stock Exchange on 16 July 2018 (the "Listing Date").

Each of the executive Directors has entered into a service agreement with the Company under which they have agreed to act as the executive Directors for three years. Either party has the right to give not less than three months' written notice to terminate the service agreement.

The non-executive Director has entered into an appointment letter with the Company under which she has agreed to act as non-executive Director for an initial term of three years. Either party has the right to give not less than three months' written notice to terminate the appointment letter.

Each of the independent non-executive Directors has entered into an appointment letter with the Company under which each of them has agreed to act as independent non-executive Director for three years. Either party has the right to give not less than one month's written notice to terminate the appointment letter.

Save as disclosed above, none of the Directors has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

The emoluments of the Directors and senior management of the Group are determined by the Remuneration Committee with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2024.

Details of the Directors' remuneration of the Group as at the date of this annual report are set out in note 11 to the consolidated financial statements.

Report of the Directors

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2024 and up to the date of this report. As at 31 December 2024 and the date of this report, the Company does not hold any treasury shares.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders of the Company.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Listing Rules since the Listing Date. The Company confirms it has met the required standards as set out in the CG Code for the year ended 31 December 2024 and up to the date of this report.

AUDIT COMMITTEE

The Company has established the Audit Committee. For details, please refer to the paragraph headed "Audit Committee" of the Corporate Governance Report set out on page 27 of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

The Group emphasises the importance of personal development of individual employees. The Group has in place remuneration policies to ensure providing adequate rewards to employees with recognised experience for the assigned roles and duties. The Group also provides other benefits including bonuses and shares as incentives.

The Group places high priority on maintaining good relationship with its customers. The Group always strives to maximise customers satisfaction and to add value for its customers. The Group identifies areas for improvement. Customer's complaints once acknowledged and reported will be dealt with timely, fairly and diligently.

The Group also values relationships with, and have been maintaining good relationships with its raw material suppliers and sub-contractors of the Group. During the year, there was no material dispute between the Group and its suppliers and sub-contractors.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the year is as follows:

The largest customer/supplier	13.1%/32.6%
Five largest customers/suppliers in aggregate	42.3%/73.2%

At no time during the year had the Directors, their associates or any shareholder of the Company which to the best knowledge of the Directors owning more than 5% of the Company's share capital (excluding treasury shares) had any interest in these major customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's denim fabric production may generate air pollutants, waste water and other industrial waste at different stages of the production process. To ensure compliance with the applicable PRC environmental protection laws and regulations, the Group will continue to explore methods to, while maintaining its production capability, improve the environment by reducing the production of waste water and air pollutants, consumption of fossil fuels and emission of carbon dioxide.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong and the PRC. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in Hong Kong and the PRC. During the year and up to the date of this annual report, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC in all material aspects.

Details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group will be provided in our environmental, social and governance report to be published on the websites of the Stock Exchange and the Company (www.hwtextiles.com.hk) no later than five months after the end of the year.

CONNECTED TRANSACTIONS

Details of the Group's related party transactions for the year are set out in note 32 to the consolidated financial statements, some of which also constituted connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above-mentioned transactions.

Tenancy agreements with Star Alliance Holdings Limited ("Star Alliance")

Pursuant to four tenancy agreements dated 29 July 2024, Star Alliance leased to H.W. Textiles Co., Limited ("HWT"), one of the subsidiaries of the Group, properties located at unit A6 on the 30th floor, units A6 and B6 the 31st floor, car parking space no. 09 on the 2nd floor and car parking spaces no. 45, 54, 55 and 56 on the 3rd floor of TML Tower in Tsuen Wan, Hong Kong for the purposes of workshop, warehouse, ancillary office and car parking spaces. The term of the tenancy agreements commenced from 1 August 2024 to 31 July 2026 (both days inclusive).

On 31 December 2024, having considered the Group's demand for offices space and as a means to effectively reduce administrative expenses, Star Alliance and HWT entered into an early termination agreement pursuant to which the parties agreed to the early termination of one of the tenancy agreements above, being the lease in relation to unit B6 of TML Tower. The termination took effect from 31 December 2024.

The three remaining tenancy agreements were at an aggregate monthly rent of HK$235,796 exclusive of rates, air-conditioning, management charges and other outgoings.

As at 31 December 2024, Star Alliance is owned as to 25% each by Ms. Lau (chairlady and non-executive Director), Mr. Stephen Tung (chief executive officer and executive Director), Mr. Stanley Tung (executive Director) and the late Mr. TH Tung (spouse of Ms. Lau and father of Mr. Stephen Tung and Mr. Stanley Tung). Ms. Lau, Mr. Stephen Tung, Mr. Stanley Tung and the late TH Tung are also controlling shareholders of the Company. Therefore, Star Alliance is a connected person of the Company.

For further details on the above transactions, please refer to the announcements of the Company dated 29 July 2024 and 31 December 2024.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of his/her compliance with the terms and undertakings of the deed of non-competition provided to the Company under the Deed of Non-competition (as defined in the Company's prospectus dated 28 June 2018). The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the terms and undertakings under the Deed of Non-competition have been complied with by the controlling shareholders.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group has no specific plan for material investments or capital assets in the coming year as at 31 December 2024.

Report of the Directors

SUMMARY OF FINANCIAL INFORMATION

A financial information summary of the Group is set out on page 119 of this annual report.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, H.W. Properties Investment Limited, one of the subsidiaries of the Group, held eight ordinary shares in (or 8% of the entire issued share capital of) Supreme Gain Investments Limited ("Supreme Gain"), a company incorporated in Hong Kong principally engaged in property investment in Hong Kong, as disclosed in note 19 to this annual report.

As of 31 December 2024, the Group has made a total investment of HK$20,000,000 to Supreme Gain. With a fair value of HK$19,144,000 after a fair value loss of approximately HK$2,601,000 during the year ended 31 December 2024, the Group's investment in Supreme Gain is approximately 5.8% of the Group's total assets as at 31 December 2024. The Group did not receive any dividend income from Supreme Gain during the year ended 31 December 2024.

Although the Group principally engages in the manufacturing and sales of denim fabrics, the Directors have always been proactive in seeking opportunities in diversifying the scope of business of the Group. The Directors consider that the investment in Supreme Gain represents an investment opportunity to participate in the property investment market in Hong Kong and that such investment will generate stable income for the Group. The Directors also take an optimistic view of the property market in Hong Kong and believe that the Group will benefit from the long-term appreciation of the price in properties in Hong Kong.

Save as disclosed in this annual report, the Group did not have any significant investments held or material acquisition or disposal of subsidiaries, associates and joint ventures during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Since the date the Company was listed on the Stock Exchange, and for the year ended 31 December 2024 and up to the date of this annual report, none of the Directors is or was considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules.

EQUITY-LINKED AGREEMENT

No equity-linked agreement that would or might result in the Company issuing shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing shares, was entered into by the Company during the year or subsisted at the end of year.

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUBSEQUENT EVENTS

The Board is not aware of any significant event affecting the Group and requiring disclosure that took place subsequent to 31 December 2024 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

Deloitte Touche Tohmatsu ("Deloitte") has resigned as the auditor of the Company with effect from 15 July 2024 and Ernst & Young has been appointed as the auditor of the Company with effect from 15 July 2024 to fill the casual vacancy following the resignation of Deloitte.

The consolidated financial statements for the year were audited by Ernst & Young. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Ernst & Young as auditor of the Company.

Saved as disclosed above, the Company did not have any other changes in auditors during any of the past three years.

On behalf of the Board

LAU Chung Chau
Chairlady and non-executive Director

Hong Kong, 28 March 2025

Corporate Governance Report

The Company is committed to achieving high standards of corporate governance. The Company acknowledges the important role of the Board in providing effective leadership and direction to the Company's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company is committed to maintaining high standards of corporate governance in the interests of shareholders. The Company has complied with all code provisions of the CG Code of the Listing Rules effective as at 31 December 2024 for the year ended 31 December 2024.

THE BOARD

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in attaining the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. The Board has delegated the authority and responsibility for implementing business strategies and management of the daily operations of the Group's business to the management. The Board exercises a number of powers which include:

- formulating long-term strategy
- approving public announcements
- approving financial statements, including interim and annual results
- approving major acquisitions, disposal and capital projects
- authorising significant changes to the capital structure and material borrowings
- any issue or buy-back of equity securities under the relevant general mandates
- making recommendations and/or declaration of dividend and reviewing dividend policy
- approving appointments to the Board
- setting the Group remuneration policy
- reviewing operational and financial performance
- reviewing the effectiveness of internal control

The Board meets at least four times a year and additional meetings are held when required to discuss significant events and issues. The Company Secretary assists the chairman/chairlady of the Board in preparing agenda for Board meetings. Board meetings are held with at least 14 days' advance notice, and all Directors would be served with an agenda with supporting papers at least three days before the Board meetings, so as to ensure that there is timely access to relevant information. The Group ensures that all the Board members are informed of the Group's latest developments and thereby assists them in the discharge of their duties. The Directors may take independent professional advice as and when appropriate, at the Company's expenses. Minutes of the Board and Board committees are taken by the Company Secretary. Such minutes of the Board and the Board committees, together with supporting papers, are made available for inspection by any Director following reasonable notice. Draft and final versions of minutes are sent to all Directors for their comment and records.

The Company has arranged directors and officers liability and company reimbursement insurances for the Directors and senior management of the Company.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the businesses, strategic decisions and performance of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors make decisions objectively in the best interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board has developed and reviewed the Company's policies and practices on corporate governance. It includes the developing and monitoring of the training and continuous professional development of the Directors and the senior management of the Group; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring of the code of conduct of the Company's employees and Directors; and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

COMPOSITION OF THE BOARD

The Board currently comprises two executive Directors (Mr. Tung Wai Ting Stephen and Mr. Tung Cheuk Ming Stanley), one non-executive Director (Ms. Lau Chung Chau) and three independent non-executive Directors (Mr. Tsang Ling Biu Gilbert, Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David). Among the executive Directors, Mr. Tung Wai Ting Stephen is the elder brother of Mr. Tung Cheuk Ming Stanley, and they are both sons of Ms. Lau Chung Chau. Biographical details of the Directors of the Group as at the date of this annual report are set out on pages 7 to 8 of this annual report. Independent non-executive Directors account for more than one-third of the members of the Board. The independent non-executive Directors come from various industries and have related professional background, bringing valuable expertise and experience that promotes the best interests of the Group and its shareholders. The role of the independent non-executive Directors is to provide independent and objective opinions to the Board for its consideration.

Chairlady and the Chief Executive Officer

The chairlady of the Board and the chief executive officer are Ms. Lau Chung Chau and Mr. Tung Wai Ting Stephen, respectively. Responsibilities between the chairlady of the Board and the chief executive officer of the Company are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

BOARD MEETINGS

During the year, the Board has held a total of four Board meetings for the main purposes of formulating business development and prospects of the Group, reviewing and considering the financial and operating performance, as well as the change in auditors during the year.

The attendance of each Director at the Board meetings is set out below:

Name of Directors	Attendance/ Number of Board Meetings
Executive Directors	
Mr. Tung Wai Ting Stephen *(Chief executive officer)*	4/4
Mr. Tung Cheuk Ming Stanley	4/4
Non-executive Director	
Ms. Lau Chung Chau *(Chairlady)*	4/4
Independent non-executive Directors	
Mr. Tsang Ling Biu Gilbert	1/4
Mr. Cheung Che Kit Richard	2/4
Mr. Wong Ming Bun David	2/4

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmation from each independent non-executive Director about his independence as set out in Rule 3.13 of the Listing Rules and continues to consider each of them to be independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

A person may be appointed as a member of the Board at any time either by shareholders' resolutions in general meetings or by resolutions of the Board. New Directors appointed by the Board as an addition to the Board during the year are required to retire at the first general meeting following their appointments and new Directors appointed by the Board to fill a causal vacancy during the year are required to retire at the first general meeting following their appointments, and in both cases, the acting Directors will be eligible for re-election at such general meeting. All Directors are required to retire by rotation at least once every three years at the AGM, subject to re-election by the shareholders. All non-executive Director and independent non-executive Directors are appointed for a term of not more than three years.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Directors' training is an ongoing process. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Directors have been informed of the requirement under code provision C.1.4 of the CG Code regarding continuous professional development. The Company updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

According to the records provided by the Directors, a summary of training received by the Directors during the year is as follows:

Name of Directors	Type of Continuous Professional Development Programmes
Executive Directors	
Mr. Tung Wai Ting Stephen *(Chief executive officer)*	A, B
Mr. Tung Cheuk Ming Stanley	A, B
Non-executive Director	
Ms. Lau Chung Chau *(Chairlady)*	A, B
Independent non-executive Directors	
Mr. Tsang Ling Biu Gilbert	A, B
Mr. Cheung Che Kit Richard	A, B
Mr. Wong Ming Bun David	A, B

Notes:

A: attending training sessions and/or seminars

B: reviewing materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements

BOARD COMMITTEES

The Board has established three Board committees, namely, the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") for overseeing the particular aspects of the affairs of the Company. All the Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.hwtextiles.com.hk" and the website of the Stock Exchange and are available to the shareholders upon request. All the Board committees would report to the Board on their decisions or recommendations made.

All the Board committees are provided with sufficient resources to discharge their duties.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. Tsang Ling Biu Gilbert, Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David. Mr. Tsang Ling Biu Gilbert is the chairman of the Audit Committee. He has professional qualification and experience in accounting and financial matters.

Under its terms of reference, the primary duties of the Audit Committee are mainly (i) to review and supervise the financial reporting process and to oversee the audit process of the Group; (ii) to oversee internal control procedures and corporate governance of the Group; (iii) to supervise internal control systems of the Group; and (iv) and to monitor any continuing connected transactions.

During the year, the Audit Committee performed the following duties, including (i) reviewing the Group's audited annual consolidated financial statements for the year ended 31 December 2023 and its unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024; (ii) reviewing the significant accounting policies and the impact of the adoption of new financial reporting standards; (iii) discussing key audit matters with the external auditor; (iv) considering the resignation and appointment of external auditors as the independent auditor of the Company for the consolidated financial statements of the Group for the year ended 31 December 2024, recommended to the Board for approval; (v) reviewing the internal control and risk management systems; and (vi) reviewing and discussing the internal risk management findings with the Board. Four meetings of the Audit Committee were held and the Directors' attendance of the meetings of the Audit Committee is set out as follows:

Name of Directors	Attendance/ Number of Audit Committee Meetings
Mr. Tsang Ling Biu Gilbert *(Chairman)*	2/4
Mr. Cheung Che Kit Richard	3/4
Mr. Wong Ming Bun David	4/4

The meetings were held together with the external auditors of the Company and the chief financial officer of the Company, and discussed auditing, internal control and financial reporting matters which included the review of the interim and annual financial statements.

REMUNERATION COMMITTEE

The Remuneration Committee comprises one executive Director, namely Mr. Tung Wai Ting Stephen, and two independent non-executive Directors, namely Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David. Mr. Wong Ming Bun David is the chairman of the Remuneration Committee.

Under its terms of reference, the primary duties of the Remuneration Committee are mainly (i) to evaluate the performance of all Directors and senior management and make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, and any compensation payable for loss or termination of their office(s) or appointment(s), and to make recommendations to the Board on the remuneration of non-executive Directors.

Pursuant to provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year are as follows:

Remuneration band	Number of individual
Not exceeding HK$1,000,000	4

During the year, the remuneration packages of the Directors and the senior management of the Group were reviewed and discussed at the meeting of the Remuneration Committee and relevant recommendations have been made by the Remuneration Committee to the Board. One meeting of the Remuneration Committee was held during the year. The Directors' attendance of the meetings of the Remuneration Committee is set out as follows:

Name of Directors	Attendance/ Number of Remuneration Committee Meeting
Mr. Tung Wai Ting Stephen	1/1
Mr. Cheung Che Kit Richard	1/1
Mr. Wong Ming Bun David *(Chairman)*	1/1

NOMINATION COMMITTEE

The Nomination Committee comprises one executive Director, namely Mr. Tung Cheuk Ming Stanley, and two independent non-executive Directors, namely Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David. Mr. Wong Ming Bun David is the chairman of the Nomination Committee.

Under its terms of reference, the primary duties of the Nomination Committee are (i) to review the structure, size and composition of the Board on a regular basis; (ii) to make recommendations to the Board relating to the appointment and removal of Directors; (iii) to identify individuals suitably qualified to become members of the Board; and (iv) to assess the independence of the independent non-executive Directors.

The Company has adopted a board diversity policy (the "Policy"). The purpose of the Policy is to set out the basic principles to be followed to ensure that the Board has appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Under the Policy, the selection of the Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience, which are the measurable objectives for implementing the Policy. The Board is committed to achieving gender diversity on the Board and has set the measurable of having at least one female Director on the Board. It currently has one female Director on the Board and considers that the measurable objective has been met. The Board endeavours to maintain an appropriate balance on the Board and shall continue to seek opportunities to increase the proportion of female members over time.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to this policy in selection of the Board candidates. Board nomination and appointments will continue to be made on merit basis based on its business needs from time to time while taking into account diversity.

The Nomination Committee is also responsible for reviewing the Policy, developing and reviewing measurable objectives for implementing the Policy and monitoring the progress on achieving these measurable objectives. The review of the Policy and the measurable objectives shall be carried out at least annually to ensure the continued effectiveness of the Board. Having considered the business and development needs of the Company, the Nomination Committee considers that the current Board is sufficiently diversified in terms of its skills, experience, knowledge, length of service and independence.

During the year, the Nomination Committee has considered the Policy and whether the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that based on the Company's existing business model and specific needs, the current composition of the Board satisfies the Policy for the year.

As at 31 December 2024, the gender ratio of male to female in the workforce (including senior management of the Group) is approximately 1.2:1. In order to pursue gender diversity, similar considerations are taken into account when selecting and hiring people across the Group's operations. Please refer to our environment, social and governance report for our hiring policy in achieving gender diversity.

During the year, one meeting of the Nomination Committee was held and the Directors' attendance of the meeting of the Nomination Committee is set out as follows:

Name of Directors	Attendance/ Number of Nomination Committee Meeting
Mr. Tung Cheuk Ming Stanley	1/1
Mr. Cheung Che Kit Richard	1/1
Mr. Wong Ming Bun David *(Chairman)*	1/1

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year, which were prepared in accordance with statutory requirements and applicable accounting standards. The reporting responsibility of the external auditors of the Company on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 35 to 39.

COMPANY SECRETARY

Mr. Cheung Ka Chun, the Company Secretary, reports to the chairman of the Board. The details of his biography is set out in the section headed "Directors and Senior Management" of this annual report. Mr. Cheung also confirmed that he has taken no less than 15 hours relevant professional training during the year.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its overall responsibility for the Group's risk management and internal control systems and reviewing their effectiveness in order to safeguard the interest of the Group and the shareholders, and to review and monitor the effectiveness of the internal control and risk management systems on an ongoing basis to ensure that the systems in place are adequate.

The Group's risk management and internal control systems are featured with a defined management structure with limits of authority and well-rounded policies and procedures, and are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. Such systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

The Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the Group's systems of risk management and internal control covering all material controls, including financial, operation, compliance and internal controls as well as risk management functions semi-annually. During the year, it identified material risks of the Group and formulated corresponding solutions to manage the risks after taking into account the risk tolerance of the Group.

The Board considered that the risk management and internal control systems of the Group to be adequate and effective for the year. The Board and the Audit Committee also considered that the key areas of the Group's risk management and internal control systems, including the adequacy of resources, qualifications and experience of our accounting and financial reporting staff, and their training programs and budget, are reasonably implemented and the Group has fully complied with provisions of the CG Code regarding risk management and internal control systems in general for the year.

Code provision D.2.5 requires the issuer to have an internal audit function. In the opinion of the directors, the size of the Group does not warrant setting up an internal audit department. However, during the year under review, the Board, through the Audit Committee has conducted a review on the effectiveness of the internal control system of the Group, namely, management supervision, compliance with the CG Code, and major areas of the internal control systems and procedures to assure the Board that the system of internal control is functioning as intended. The results of the internal control review were submitted to the Board for their consideration.

The Group strictly follows the requirements of the SFO and the Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable. Before inside information is fully disclosed to the public, such information is kept strictly confidential. The Group has further enhanced the procedures with the establishment of a continuous disclosure policy and provided relevant training to all relevant staff of the Group. The Board considered the procedures and measures in relation to the handling and dissemination of the inside information to be effective and adequate.

EXTERNAL AUDITORS

The Group's external auditors are Ernst & Young, Certified Public Accountants. In order to maintain their independence, objectivity and effectiveness in performing the audit services, the Audit Committee pre-approved all audit services and discussed with Ernst & Young, Certified Public Accountants the nature and scope of the audit services.

During the year, the remuneration paid or payable to Ernst & Young, Certified Public Accountants in respect of audit services was HK$1,250,000. The fee paid or payable to Ernst & Young, Certified Public Accountants for non-audit services, namely review of unaudited interim results of the Group for the six months ended 30 June 2024 and other services, was HK$468,000.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standard as set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2024 and up to the date of this report.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). Under the Dividend Policy, in circumstances that the Group is profitable and without affecting the normal operations and business of the Group, the Company may consider declaring and paying dividends to the Shareholders.

The recommendation of any dividend payment is subject to the absolute discretion of the Board, and any declaration of final dividend shall be subject to the approval of the Shareholders. Any dividend distributions shall be made in accordance with the articles of association of the Company and all applicable laws and regulations.

In proposing any dividend payout, the Board shall take into consideration various factors, including: (i) the Group's actual and expected financial performance; (ii) general economic and financial conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; (iii) the Group's business and operating strategies including commitments and investment needs in order to maintain long-term business growth; (iv) liquidity position and working capital requirements; and (v) any other factors that the Board deems relevant and appropriate.

There is no assurance that any dividends will be proposed or declared in any particular amount for any specific reporting period. The Board shall review the Dividend Policy from time to time and may, at its absolute and sole discretion, to update and/or modify the Dividend Policy at any time as the Board deems fit and necessary.

INVESTOR RELATIONS AND COMMUNICATION

The Board and the senior management recognise the importance of communication with the shareholders and accountability to shareholders. Annual and interim reports offer comprehensive operational and financial performance information to the shareholders. The senior management also maintains close communication with investors, analysts and the media by other channels including roadshows, briefings and individual meetings. The Group has set up its own website "www.hwtextiles.com.hk", which is updated on a regular basis, as a means to provide updated information on the Company to investors.

The Board reviews the investor relations policy on an annual basis, and makes any changes it considers necessary to ensure its effectiveness and that the legal interests of shareholders and investors are substantially protected.

The Board has conducted a review of the implementation and effectiveness of the investor relations policy of the Company. Having considered the diverse channels of communication in place, the Board is satisfied that an effective investor relations policy has been properly implemented throughout the year ended 31 December 2024.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company's AGM provides a useful platform for direct communication between the Board and the shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings.

During the year, one general meeting was held, which was the AGM for the year ended 31 December 2023. The attendance of each Director at the AGM is set out below:

Name of Directors	Attendance/ Number of general meeting
Executive Directors	
Mr. Tung Wai Ting Stephen *(Chief executive officer)*	1/1
Mr. Tung Cheuk Ming Stanley	1/1
Non-executive Director	
Ms. Lau Chung Chau *(Chairlady)*	0/1
Independent non-executive Directors	
Mr. Tsang Ling Biu Gilbert	0/1
Mr. Cheung Che Kit Richard	0/1
Mr. Wong Ming Bun David	0/1

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirement under Paragraph O of the CG Code:

Convening of extraordinary general meeting on requisition by shareholders

Pursuant to article 12.3 of the articles of association of the Company, any two or more shareholders collectively or any recognised clearing house (or its nominee(s)) 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 the Company Secretary, to require an extraordinary general meeting ("EGM") to be called by the Board. The written requisition must specify the business to be transacted on the EGM, which shall be held within two months after the deposit of such requisition for the attention of the Company Secretary. If within 21 days from the date of the deposit of the requisition, the Board fails to proceed to convene an EGM, the shareholder(s) concerned may themselves convene an EGM, and all reasonable expenses incurred by the shareholder(s) making the requisition as a result of the failure of the Board shall be reimbursed by the Company.

Corporate Governance Report

Procedures for directing shareholders' enquiries to the Board

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

Address: Unit A6, 31st Floor, TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong

Email: general@hwtextiles.com.hk

The Company Secretary shall forward the shareholder(s)' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to respond to the shareholder(s)' questions.

Procedures for putting forward proposals at general meetings by shareholders

Any shareholder of the Company who wish to put forward proposals at general meetings of the Company shall submit such proposals to the Board in writing for the Board's consideration not less than seven days prior to the date of a general meeting through the Company Secretary of the Company whose contact details are set out in the paragraph "Procedures for directing shareholders' enquiries to the Board" above.

CONSTITUTIONAL DOCUMENTS

There has been no change in the memorandum and articles of association of the Company for the year ended 31 December 2024.

Independent Auditor's Report

TO THE SHAREHOLDERS OF HINGTEX HOLDINGS LIMITED
興紡控股有限公司
(incorporated in the Cayman Islands as an exempted company with limited liability)

OPINION

We have audited the consolidated financial statements of Hingtex Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 118, 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.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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. For the matter below, our descriptions of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and non-current non-financial assets	
As at 31 December 2024, the Group had goodwill, property, plant and equipment, right-of-use assets and other intangible assets allocated to the denim fabrics cash generating unit (the "Denim Fabrics CGU") with an aggregate carrying amount of HK$112.3 million, representing 33.9% of total assets of the Group. The Group's management performed an impairment testing of these assets by assessing the recoverable amount of the Denim Fabrics CGU based on value in use calculation, with the assistance from an independent external valuer. Significant judgements and estimates were involved in the assessment of the recoverable amount, including assumptions on the budgeted revenue, expected gross profit, discount rate and long term growth rate. The outcome is sensitive to the expected future market conditions and the actual performance of the Denim Fabrics CGU. The accounting policies, significant accounting judgements and estimates and disclosures for impairment assessment are included in notes 2.4, 3 and 17 to the consolidated financial statements.	Our audit procedures in relation to the impairment assessment included: (i) involving our internal valuation specialists to assist us in evaluating the methodologies and certain key assumptions and estimates used in the value in use calculation, including, inter alia, the discount rate and long term growth rate; (ii) comparing the budgeted revenue and expected gross profit with historical performance of the Denim Fabrics CGU; and (iii) assessing the sensitivity of management estimates and assumptions used in evaluating whether a reasonably possible change in assumptions could cause the carrying amounts to exceed their recoverable amounts. In addition, we assessed the independence, objectivity and competence of the independent external valuer engaged by management and evaluated the adequacy of related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kee Wendy Wing Shi.

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

28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	Year ended 31 December 2024 HK$'000	2023 HK$'000
Revenue	5	**214,670**	162,884
Cost of sales and services		**(181,249)**	(141,189)
Gross profit		**33,421**	21,695
Other income	6	**3,165**	3,789
Other gains and losses, net	7	**(1,063)**	(69)
(Impairment loss)/reversal of impairment loss on financial assets at amortised cost, net		**(10)**	64
Selling and distribution expenses		**(13,336)**	(14,471)
Administrative expenses		**(46,093)**	(44,837)
Research and development expenses		**(7,524)**	(8,072)
Fair value (loss)/gain on a financial asset at fair value through profit or loss ("FVTPL")		**(2,601)**	651
Share of loss of an associate		**(56)**	(29)
Finance costs	8	**(2,252)**	(1,989)
Loss before tax	9	**(36,349)**	(43,268)
Income tax credit	10	**1,399**	5,468
Loss and total comprehensive loss for the year attributable to owners of the Company		**(34,950)**	(37,800)
LOSS PER SHARE			
— Basic and diluted (HK cents)	12	**(5.46)**	(5.91)

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	At 31 December 2024 HK$'000	 2023 HK$'000
Non-current assets			
Property, plant and equipment	14	**85,776**	93,569
Right-of-use assets	15	**22,783**	19,220
Other intangible assets	16	**2,602**	2,969
Goodwill	17	**1,184**	1,184
Interest in an associate	18	**349**	405
Financial asset at FVTPL	19	**19,144**	21,745
Deferred tax assets	20	**11,699**	13,480
Total non-current assets		**143,537**	152,572
Current assets			
Inventories	21	**84,222**	85,296
Contract assets	22	**406**	–
Trade and other receivables	23	**56,737**	43,959
Amount due from an associate	24	**616**	616
Cash and cash equivalents	25	**46,187**	60,740
Total current assets		**188,168**	190,611
Current liabilities			
Trade and other payables	26	**43,676**	23,643
Contract liabilities	28	**2,276**	891
Tax payables		**1,638**	1,618
Lease liabilities	15	**4,281**	3,431
Bank borrowings	27	**26,064**	29,000
Total current liabilities		**77,935**	58,583
Net current assets		**110,233**	132,028
Total assets less current liabilities		**253,770**	284,600

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	At 31 December 2024 HK$'000	2023 HK$'000
Non-current liabilities			
Other payables	26	**1,159**	1,219
Lease liabilities	15	**3,285**	–
Bank borrowings	27	**4,772**	–
Deferred tax liabilities	20	**3,832**	7,709
Total non-current liabilities		**13,048**	8,928
Net assets		**240,722**	275,672
Capital and reserves			
Share capital	29	**6,400**	6,400
Reserves		**234,322**	269,272
Equity attributable to owners of the Company and total equity		**240,722**	275,672

The consolidated financial statements on pages 40 to 118 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Mr. Tung Wai Ting Stephen
Director

Mr. Tung Cheuk Ming Stanley
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note)	Retained profits HK$'000	Total HK$'000
At 1 January 2023	6,400	141,986	10,882	154,204	313,472
Loss and total comprehensive loss for the year	–	–	–	(37,800)	(37,800)
At 31 December 2023 and 1 January 2024	**6,400**	**141,986***	**10,882***	**116,404***	**275,672**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(34,950)**	**(34,950)**
At 31 December 2024	**6,400**	**141,986***	**10,882***	**81,454***	**240,722**

* These reserve accounts comprise the consolidated reserves of HK$234,322,000 (2023: HK$269,272,000) in the consolidated statement of financial position.

Note:

Other reserve represents (i) deemed contribution totalling HK$9,282,000 from certain shareholders of the Company for acquisition of Kingshine Investment Group Limited; and (ii) the difference between the aggregate paid-in share capital of certain subsidiaries of HK$1,605,000 and the share capital of the Company of HK$5,000 immediately upon the completion of reorganisation in 2018, through which the Company acquired the entire equity interests in those subsidiaries from the immediate and ultimate holding company of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(36,349)**	(43,268)
Adjustments for:			
Finance costs	8	**2,252**	1,989
Interest income	6	**(1,591)**	(2,438)
Share of loss of an associate		**56**	29
Depreciation of property, plant and equipment		**1,502**	9,613
Depreciation of right-of-use assets		**5,847**	6,264
Amortisation of other intangible assets	9	**367**	368
Reversal of write-down of inventories	9	**(1,531)**	(140)
Impairment loss/(reversal of impairment loss) on financial assets at amortised cost, net		**10**	(64)
Loss/(gain) on disposal of items of property, plant and equipment	7	**3**	(91)
Loss on termination of leases		**5**	–
Fair value loss/(gain) on financial asset at FVTPL		**2,601**	(651)
Net foreign exchange loss		**34**	51
		(26,794)	(28,338)
Decrease in inventories		**9,796**	12,144
(Increase)/decrease in trade and other receivables		**(12,952)**	5,193
Increase in contract assets		**(406)**	–
Increase/(decrease) in trade and other payables		**19,931**	(893)
Increase/(decrease) in contract liabilities		**1,385**	(1,543)
Cash used in operations		**(9,040)**	(13,437)
Income tax paid		**(677)**	(1,015)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(9,717)**	(14,452)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,591**	2,438
Proceeds on disposal of items of property, plant and equipment		**27**	1,506
Purchases of items of property, plant and equipment		**(930)**	(3,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**688**	444

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	**HK$'000**	HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		**(65,500)**	(60,331)
Principal portion of lease payments		**(5,108)**	(5,595)
Interest paid		**(2,252)**	(1,989)
New bank borrowings raised		**67,336**	57,970
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(5,524)**	(9,945)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(14,553)**	(23,953)
Cash and cash equivalents at the beginning of the year		**60,740**	84,693
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**46,187**	60,740
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**15,093**	14,020
Non-pledged time deposits with original maturity of less than three months when acquired	25	**31,094**	46,720
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**46,187**	60,740

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL

Hingtex was incorporated in the Cayman Islands on 3 November 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2018.

The Company's immediate and ultimate holding company is Manford Investment Holdings Limited, a company incorporated on 24 October 2017 in the British Virgin Islands ("BVI") under the laws of BVI with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Group are the manufacture and sale of denim fabrics.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKSAs) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial asset at FVTPL that is measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The functional currency of the Company is United States dollar ("US$"), as the sales activities of the Group are mainly denominated in US$, and the presentation currency of the Group is HK$, as the directors of the Company consider HK$ can provide more meaningful information to the Company's investors.

Basis of consolidation

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's 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* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

Save as disclosed above, the accounting policies used in preparing the consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

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

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

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

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

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

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

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

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

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it 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 Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash generating unit retained.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sales of denim fabrics and yarns

Revenue from sale of denim fabrics and yarns is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods to the customers' specific locations. Following the delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(b) Subcontracting services

Revenue from subcontracting services is recognised at the point in time as performance obligation is satisfied at a point in time upon completion of the services rendered without future obligations.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(c) Property renovation services

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

Other income

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

Sample sales are recognised when the goods are delivered to the customers.

Contract assets

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

Contract liabilities

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

Leases

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	31–46 years
Leased properties	Over the lease terms

(b) Lease liabilities

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

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

(c) Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

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 that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company and its subsidiaries 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 the period, in which case, the exchange rates prevailing at the dates of transactions are used.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and its subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and its subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates of the year.

Other employee benefits

Pension Schemes

The Group participates in a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK$1,500 per month and 5% of relevant payroll costs each month to the MPF Scheme. The Group's contribution is matched by the employee contributions.

The Group also participates in a state-managed defined contribution retirement scheme organised by the relevant local governmental authority in the PRC ("PRC Retirement Scheme"). PRC employees of the Group eligible to participate in the PRC Retirement Scheme are entitled to retirement benefits from the PRC Retirement Scheme. The Group is required to make monthly contributions to the PRC Retirement Scheme for the eligible employees at specified percentage of the payroll and the local governmental authority is responsible for the pension liabilities to these employees upon their retirement.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the pension schemes.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. 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 base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in an associate, 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 asset to be recovered.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

Government grants

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

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 plant and machinery under construction as described below are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Plant and machinery in the course of construction for production are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly 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.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Ownership interests in leasehold land and building

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 that is accounted for as an operating lease is presented as "right-of-use asset" in the consolidated statement of financial position. 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.

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.

Intangible assets (other than goodwill)

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate portion of overheads. 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.

Cash and cash equivalents

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

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

Provisions

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets

Classification of financial assets

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification of financial assets *(Continued)*

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

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

Subsequent measurement

Financial assets at amortised cost

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. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets 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 excludes any dividend or interest earned on the financial asset.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets 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 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 receivables and contract assets that do not contain a significant financing component. Except for trade receivables which are backed by bills, the ECLs on trade receivables and contract assets are assessed collectively with appropriate groupings.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

For all other instruments, the Group measures the loss allowance equal to 12-month 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.

(i) Significant increase in credit risk

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.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

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.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Past due status;
- Nature, size and industry of debtors; and
- Internal credit ratings.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets *(Continued)*

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

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

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.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

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

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has unrecognised tax losses of HK$88,856,000 (2023: HK$51,885,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the loss and equity would have decreased/increased by HK$17,155,000, respectively. Further details on deferred taxes are disclosed in note 20 to the consolidated financial statements.

Estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was HK$1,184,000 (2023: HK$1,184,000). Further details are given in note 17 to the consolidated financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit loss ("ECL") for trade receivables

The Group collectively assesses ECLs for trade receivables, except for certain credit-impaired debtors which are assessed for ECLs individually. The measurement of ECL under HKFRS 9 for the Group's trade receivables requires judgement on, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of any significant increase in credit risk. These estimates are driven by a number of factors, where the change of the factors which result in different levels of allowances, a lower/higher impairment loss may arise. The Group uses an assessment of both the current and forecast general economic conditions to estimate the probability of default, the loss given default and the impact on the forward looking information. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable, supportable and available information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also forward-looking analysis

Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to detailed analyses of the Group's inventories and management experience and judgements. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable values. Due to changes in technological, market and economic environment, the actual saleability of goods might be different from estimation and profit or loss could be affected by the differences in this estimation.

4. OPERATING SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

(a) Denim fabrics segment — manufacture and sale of denim fabrics

(b) Property renovation services segment — provision of property renovation services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that other income, other gains and losses, net, fair value (loss)/gain on a financial asset at FVTPL and the share of loss of an associate are excluded from such measurement.

There were no material intersegment sales and transfers during the current and prior years:

	Denim fabrics		Property renovation services		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue						
Sales to external customers	**203,245**	162,884	**11,425**	–	**214,670**	162,884
Segment results	**(35,582)**	(47,610)	**(212)**	–	**(35,794)**	(47,610)
Reconciliations						
Other income					**3,165**	3,789
Other gains and losses, net					**(1,063)**	(69)
Fair value (loss)/gain on financial asset at FVTPL					**(2,601)**	651
Share of loss of an associate					**(56)**	(29)
Loss before tax					**(36,349)**	(43,268)

Except as disclosed above, no other amounts are included in the measure of segment results reviewed by the CODM nor regularly provided to the CODM of the Group and therefore, no further analysis is presented.

Information of assets, liabilities and capital expenditure of reportable segments is not regularly provided to the CODM for their review. Therefore, no analysis of the Group's assets, liabilities and capital expenditure by reportable segments is presented.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Information about the Group's revenue presented based on the geographical locations of the customers is as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Bangladesh	**54,564**	42,128
Chinese Mainland	**53,788**	26,936
Hong Kong	**50,177**	50,579
Egypt	**29,209**	–
Vietnam	**23,041**	18,021
Indonesia	**1,739**	9,773
Taiwan	**936**	4,846
Jordan	**161**	2,715
India	**106**	2,846
Pakistan	**94**	1,711
Macao	**–**	1,412
Other countries and regions	**855**	1,917
Total	**214,670**	162,884

(b) *Non-current assets*

	2024	2023
	HK$'000	HK$'000
Hong Kong	**13,458**	10,567
Chinese Mainland	**99,236**	106,780
	112,694	117,347

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

Information about major customers

For the year ended 31 December 2024, total revenue of approximately HK$28,217,000 was derived from transactions with a single customer reporting in the denim fabrics segment. For the year ended 31 December 2023, no customers contribute over 10% of the total revenue of the Group.

5. REVENUE

An analysis of the Group's revenue from contracts with customers is as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Sales of denim fabrics		
Stretchable blended denim fabrics	**185,840**	139,950
Stretchable cotton denim fabrics	**2,328**	9,677
Non-stretchable denim fabrics	**13,775**	9,180
	201,943	158,807
Property renovation services	**11,425**	–
Others (note)	**1,302**	4,077
Total revenue from contracts with customers	**214,670**	162,884

Note: Others mainly include revenue from sale of yarns and provision of sub-contracting services.

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	**Demin fabrics**	**Property renovation services**	**Total**
	HK$'000	HK$'000	HK$'000
Types of goods or services			
Sales of denim fabrics	**201,943**	**–**	**201,943**
Property renovation services	**–**	**11,425**	**11,425**
Others	**1,302**	**–**	**1,302**
Total	**203,245**	**11,425**	**214,670**
Timing of revenue recognition			
Goods or services transferred at a point in time	**203,245**	**–**	**203,245**
Services transferred over time	**–**	**11,425**	**11,425**
Total	**203,245**	**11,425**	**214,670**

5. REVENUE *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2023

Segment	Denim fabrics HK$'000
Types of goods or services	
Sales of denim fabrics	**158,807**
Others	**4,077**
Total	**162,884**
Timing of revenue recognition	
Goods or services transferred at a point in time	**162,884**

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

	2024 HK$'000	2023 HK$'000
Sales of denim fabrics	**891**	2,434

5. REVENUE *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) *Performance obligations*

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

Sales of denim fabrics and related products

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery.

Property renovation services

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

Subcontracting services

The performance obligation is satisfied at a point in time as services are rendered and payment is generally due upon completion of the services and delivery of goods.

The Group has applied the practical expedient under HKFRS 15 and does not include information about revenue to which the Group will be entitled when it satisfies the remaining performance obligations for contracts with an original expected duration of one year or less.

6. OTHER INCOME

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Interest income from bank deposits	**1,591**	2,438
Government grants (note)	**95**	427
Sample sales	**1,359**	804
Others	**120**	120
	3,165	3,789

Note: Government grants in both years represented unconditional grants from the Chinese Mainland government. There are no unfulfilled conditions or other contingencies attaching to the government grants recognised.

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Net foreign exchange loss	**(820)**	(220)
(Loss)/gain on disposal of items of property, plant and equipment	**(3)**	91
Others	**(240)**	60
	(1,063)	(69)

8. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Interest on bank borrowings and overdrafts	**1,925**	1,704
Interest on lease liabilities	**327**	285
	2,252	1,989

9. LOSS BEFORE TAX

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

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Directors' remuneration (note 11(a)):		
— Emoluments, salaries and other allowances	**9,188**	9,241
— Retirement benefit scheme contributions (defined contribution scheme)*	**36**	36
	9,224	9,277
Other staff salaries and allowances	**39,668**	35,226
Retirement benefit scheme contributions (defined contribution scheme)*, excluding those for directors	**3,361**	2,670
Total employee benefit expenses	**52,253**	47,173
Capitalised as cost of inventories manufactured	**(16,303)**	(12,590)
	35,950	34,583
Depreciation of property, plant and equipment	**8,693**	9,613
Depreciation of right-of-use assets (including leasehold land)	**5,847**	6,264
Amortisation of other intangible assets	**367**	368
	14,907	16,245
Capitalised as cost of inventories manufactured	**(7,191)**	(8,481)
	7,716	7,764
Auditors' remuneration		
— audit services	**1,511**	1,929
— other services	**306**	420
	1,817	2,349
Cost of inventories recognised as an expense including reversal of write-down of inventories of HK$1,531,000 (2023: HK$140,000)	**169,675**	141,189

* There were no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

10. INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Current tax		
— PRC Enterprise Income Tax ("EIT")	**697**	(1,658)
Deferred tax (note 20)	**(2,096)**	(3,810)
Total	**(1,399)**	(5,468)

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

During the year, no provisions for Hong Kong profits tax have been made as the relevant entities did not generate taxable assessable profits or have available tax losses to offset assessable profits generated (2023: Nil).

PRC

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% for both years. As one of the PRC subsidiaries of the Group was qualified as "High-tech Enterprise" in relation to its production activities in 2020 and obtained the renewal of such qualification in 2023, this PRC subsidiary, upon satisfaction of the criteria required, is subject to a preferential PRC Enterprise Income Tax rate of 15% up to 2026.

10. INCOME TAX CREDIT *(Continued)*

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax credit at the effective tax rate are as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Loss before tax	**(36,349)**	(43,268)
Tax at the statutory tax rate	**(5,998)**	(7,139)
Effect of different tax rates of subsidiaries operating in the PRC	**(238)**	(618)
Tax effect of expenses not deductible for tax purposes	**1,019**	575
Tax effect of share of loss of an associate	**9**	5
Tax effect of income not taxable for tax purposes	**(348)**	(624)
Tax effect of tax losses not recognised	**3,789**	2,187
Utilisation of tax losses previously not recognised	**–**	(138)
Others	**368**	284
Tax credit at the Group's effective tax rate	**(1,399)**	(5,468)

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Other benefit HK$'000 (note)	Total HK$'000
For the year ended 31 December 2024					
Executive directors					
Mr. Stephen Tung	**–**	**3,032**	**18**	**–**	**3,050**
Mr. Stanley Tung (note)	**–**	**3,240**	**18**	**1,553**	**4,811**
Non-executive director					
Ms. Lau Chung Chau	**–**	**2,400**	**–**	**–**	**2,400**
Independent non-executive directors					
Mr. Tsang Ling Biu Gilbert	**216**	**–**	**–**	**–**	**216**
Mr. Cheung Che Kit Richard	**180**	**–**	**–**	**–**	**180**
Mr. Wong Ming Bun David	**120**	**–**	**–**	**–**	**120**
	516	**8,672**	**36**	**1,553**	**10,777**
For the year ended 31 December 2023					
Executive directors					
Mr. Stephen Tung	–	3,085	18	–	3,103
Mr. Stanley Tung (note)	–	3,240	18	1,536	4,794
Non-executive director					
Ms. Lau Chung Chau	–	2,400	–	–	2,400
Independent non-executive directors					
Mr. Tsang Ling Biu Gilbert	216	–	–	–	216
Mr. Cheung Che Kit Richard	180	–	–	–	180
Mr. Wong Ming Bun David	120	–	–	–	120
	516	8,725	36	1,536	10,813

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors and chief executive's emoluments *(Continued)*

Note:

The amount represents the depreciation of a right-of-use asset of which the Group leased from a third party and provided to Mr. Stanley Tung for use by him and his family members at no charge. The estimated money value of the benefit in kind is approximately HK$1,553,000 (2023: HK$1,536,000).

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were for her services as a director of the Company. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. Stephen Tung is the chief executive officer of the Company and his emolument for the role as the chief executive officer is also included above.

During both years, no emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Company waived or agreed to waive any emoluments during the year.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

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

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Salaries and other benefits	**1,508**	1,508
Retirement benefit scheme contributions	**36**	36
	1,544	1,544

The emoluments of the highest paid non-director employees are within the following band:

	Year ended 31 December	
	2024	2023
Nil to HK$1,000,000	**2**	2

During both years, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. LOSS PER SHARE

The Company did not have any dilutive potential ordinary shares outstanding for the years ended 31 December 2024 and 2023. The calculation of basic loss per share amount attributable to the owners of the Company is based on the following data:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Loss for the year attributable to the owners of the Company for the purpose of loss per share calculation	**(34,950)**	(37,800)

	Year ended 31 December	
	2024	2023
	'000	'000
Number of ordinary shares for the purpose of loss per share calculation	**640,000**	640,000

13. DIVIDEND

No dividends were paid, declared or proposed for ordinary shareholders of the Company during the year, nor have any dividends been proposed since the end of the reporting period (2023: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Other equipment HK$'000	Construction in progress ("CIP") HK$'000	Total HK$'000
Cost							
At 1 January 2023	42,248	91,627	11,611	8,027	2,085	42,242	197,840
Additions	–	898	1,228	–	48	1,326	3,500
Transfer from CIP	–	2,431	–	–	–	(2,431)	–
Transfer to CIP	–	(2,542)	–	–	–	1,851	(691)
Disposals	–	(1,614)	(5,005)	–	(7)	(10)	(6,636)
At 31 December 2023 and 1 January 2024	42,248	90,800	7,834	8,027	2,126	42,978	194,013
Additions	–	447	34	–	18	431	930
Transfers	4,518	596	–	–	–	(5,114)	–
Disposals	–	(12)	–	–	(3)	(26)	(41)
At 31 December 2024	46,766	91,831	7,868	8,027	2,141	38,269	194,902
Accumulated depreciation							
At 1 January 2023	17,250	61,199	8,633	7,959	1,702	–	96,743
Charge for the year	1,696	6,434	1,314	56	113	–	9,613
Transfer to CIP	–	(691)	–	–	–	–	(691)
Eliminated on disposals	–	(438)	(4,776)	–	(7)	–	(5,221)
At 31 December 2023 and 1 January 2024	18,946	66,504	5,171	8,015	1,808	–	100,444
Charge for the year	1,624	6,049	915	6	99	–	8,693
Eliminated on disposals	–	(8)	–	–	(3)	–	(11)
At 31 December 2024	20,570	72,545	6,086	8,021	1,904	–	109,126
Carrying amount							
At 31 December 2023	23,302	24,296	2,663	12	318	42,978	93,569
At 31 December 2024	26,196	19,286	1,782	6	237	38,269	85,776

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

The above items of property, plant and equipment, except for CIP, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Owned properties	Over the shorter of lease terms and 50 years
Plant and machinery	3 to 10 years
Motor vehicles	5 to 10 years
Furniture and fixtures	5 years
Other equipment	3 to 5 years

15. LEASES

The Group leases properties for its operations for the years ended 31 December 2024 and 2023. Lease contracts are entered into for fixed term of 2 to 3 years (2023: 2 to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease terms 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 office buildings and industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold land. 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.

Leased assets may not be used as security for borrowing purposes.

(a) Right-of-use assets

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

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2023	16,492	8,992	25,484
Depreciation charge	(647)	(5,617)	(6,264)
At 31 December 2023 and 1 January 2024	**15,845**	**3,375**	**19,220**
Additions	**–**	**7,566**	**7,566**
Remeasurement due to lease modifications	**–**	**3,036**	**3,036**
Termination of leases	**–**	**(1,192)**	**(1,192)**
Depreciation charge	**(647)**	**(5,200)**	**(5,847)**
At 31 December 2024	**15,198**	**7,585**	**22,783**

15. LEASES *(Continued)*

(b) Lease liabilities

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

	2024 HK$'000	2023 HK$'000
Carrying amount at 1 January	**3,431**	9,026
New leases	**7,467**	–
Remeasurement due to lease modifications	**2,963**	–
Termination of leases	**(1,187)**	–
Accretion of interest recognised during the year	**327**	285
Payments	**(5,435)**	(5,880)
Carrying amount at 31 December	**7,566**	3,431
Analysed into:		
Within one year	**4,281**	3,431
Within one to two years	**3,172**	–
Within three to five years	**113**	–
	7,566	3,431
Less current portion	**(4,281)**	(3,431)
Non-current portion	**3,285**	–

The maturity analysis of lease liabilities is disclosed in note 36 to the consolidated financial statements.

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

	2024 HK$'000	2023 HK$'000
Depreciation expense	**5,847**	6,264
Interest expense of leases liabilities	**327**	285
Loss on termination of leases	**5**	–
Total amount recognised in profit or loss	**6,179**	6,549

16. OTHER INTANGIBLE ASSETS

	Club memberships HK$'000 note (i)	Software HK$'000 note (ii)	Technical know-how HK$'000 note (iii)	Total HK$'000
Cost				
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,683	429	3,675	5,787
Accumulated amortisation				
At 1 January 2023	–	429	2,021	2,450
Charge for the year	–	–	368	368
At 31 December 2023 and 1 January 2024	–	429	2,389	2,818
Charge for the year	–	–	367	367
At 31 December 2024	–	429	2,756	3,185
Carrying amount				
At 31 December 2023	1,683	–	1,286	2,969
At 31 December 2024	1,683	–	919	2,602

Notes:

(i) The club memberships represent corporate memberships with golf clubs which are lifetime memberships. As such, the golf club memberships are considered by the Group as having indefinite useful lives and will not be amortised. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

(ii) Software is amortised on a straight-line basis over 3 years.

(iii) Technical know-how was purchased through acquisition of subsidiaries and is amortised on a straight-line basis over 10 years.

17. GOODWILL

	HK$'000
Cost and net carrying amount	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,184

Impairment assessment

Goodwill allocated through business combinations is allocated to the denim fabrics cash-generating unit ("Denim Fabrics CGU") for impairment testing.

The recoverable amount of the Denim Fabrics CGU has been determined based on a value in use calculation by reference to a valuation report prepared by an independent external valuer. The calculation used cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 15.33% (2023: 14.65%). The cash flow projections beyond the five-year period is extrapolated using a steady 2.0% (2023: 2.0%) growth rate. This growth rate is based on the expected long term nominal gross domestic product growth.

Assumptions were used in the value in use calculation of the Denim Fabrics CGU. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing:

Budgeted revenue and expected gross profit — The basis used to determine the value assigned to the budgeted revenue and expected gross profit was with reference to the historical performance of the Denim Fabrics CGU, adjusted for management's expectation on economic conditions and market development.

Discount rate — The discount rate used was before tax and reflected specific risks relating to the Denim Fabrics CGU.

Management believes that any reasonably possible change in any of the above assumptions would not cause the recoverable amount of the Denim Fabrics CGU to drop below the carrying amount of assets allocated to the Denim Fabrics CGU.

18. INTEREST IN AN ASSOCIATE

	At 31 December 2024 HK$'000	2023 HK$'000
Cost of investment in an associate	**2,282**	2,282
Share of post-acquisition loss and other comprehensive loss	**(1,933)**	(1,877)
	349	405

As at 31 December 2024 and 2023, the Group had interest in the following associate:

Name of entity	Place of incorporation/ principal business	Proportion of ownership interest held 2024 %	2023 %	Proportion of voting owner held 2024 %	2023 %	Principal activity
Ardo Living Limited ("Ardo")	Hong Kong	**49**	49	**49**	49	Online trading of home goods

19. FINANCIAL ASSET AT FVTPL

	At 31 December 2024 HK$'000	2023 HK$'000
Unlisted:		
— Equity investment, at fair value	**19,144**	21,745

The above equity investment was classified as financial asset at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

20. DEFERRED TAX

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

	Tax losses HK$'000	Temporary difference on inventories HK$'000	ECL provision HK$'000	Temporary difference on leasehold land HK$'000 (note)	Temporary difference on technical know-how HK$'000 (note)	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 January 2023	9,773	(1,263)	1	(3,350)	(413)	(2,787)	1,961
Credit/(charge) to profit or loss	3,610	(23)	–	131	92	–	3,810
At 31 December 2023 and 1 January 2024	13,383	(1,286)	1	(3,219)	(321)	(2,787)	5,771
Credit/(charge) to profit or loss	(1,781)	936	–	131	92	2,718	2,096
At 31 December 2024	11,602	(350)	1	(3,088)	(229)	(69)	7,867

Note: The amounts arise from fair value adjustments on assets recognised in business combination during the year ended 31 December 2017.

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

	At 31 December	
	2024	2023
	HK$'000	HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**11,699**	13,480
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(3,832)**	(7,709)
	7,867	5,771

20. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

At the end of the reporting period, the Group has unused tax losses of HK$129,828,000 (2023: HK$104,221,000) arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Chinese Mainland of HK$29,343,000 (2023: HK$28,773,000) that will expire in one to five years for offsetting against future taxable profits. A deferred tax asset has been recognised in respect of HK$70,315,000 (2023: HK$81,109,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$88,856,000 (2023: HK$51,885,000) due to the unpredictability of future profit streams.

Under the EIT Law of PRC, dividends declared by PRC subsidiaries are subject to PRC withholding tax at a tax rate of 10%. For those PRC subsidiaries which the investors are non-resident enterprises after fulfilling certain criteria, withholding tax is at a preferential tax rate of 5%. As at 31 December 2024, deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to Renminbi ("RMB") 53,358,000 (equivalent to HK$57,804,000) (2023: RMB54,779,000 (equivalent to HK$59,326,000)) 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.

21. INVENTORIES

	At 31 December	
	2024	2023
	HK$'000	HK$'000
Raw materials	**33,803**	32,051
Work in progress	**7,860**	13,978
Finished goods	**42,559**	39,267
	84,222	85,296

22. CONTRACT ASSETS

As at the end of the reporting period, the carrying amount of contract assets of HK$406,000 (2023: Nil) are related to the property renovation services.

Contract assets are initially recognised for revenue earned from property renovation services as the receipt of consideration is conditional on successful completion of the respective property renovation contracts. Included in contract assets are retention receivables of HK$406,000 (2023: Nil). Upon completion of the property renovation services contracts and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2024 was the result of the commencement of property renovation services of the Group during the year.

In the opinion of the directors, the expected credit losses for contract assets is minimal and hence no provision is provided.

The expected timing of recovery or settlement for contract assets as at 31 December 2024 is within two year.

23. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2024	2023
	HK$'000	HK$'000
Trade and bills receivables (note i)	**28,052**	13,520
Less: Allowance for expected credit losses	**(132)**	(122)
	27,920	13,398
Prepayments and other receivables (note ii)	**9,554**	9,385
Value-added tax recoverable	**17,757**	19,265
Utility and rental deposits	**1,397**	1,474
Others	**109**	437
	56,737	43,959

Notes:

(i) Included in the Group's trade and bills receivables are bills receivables of approximately HK$11,882,000 (2023: HK$8,432,000). During the year, the Group had entered into certain trade finance arrangement with a bank in which certain bills receivables held by the Group were presented to the bank to draw down export bills payables ("Arrangement"). Under the Arrangement, the export bills payables were settled by these corresponding bills receivables on the maturity date under the same conditions as agreed with the customers. As at the end of the reporting period, bills receivables of HK$2,142,000 (2023: Nil) and export bills payable of HK$2,092,000 (2023: Nil) (note 27) were outstanding under this Arrangement. The Group continues to recognise these bills receivables and export bills payables as the relevant banks are obliged to make payments only on the due dates of the bills receivables, under the same conditions as agreed with the customers of the Group and make corresponding settlements to its export bills payables accordingly.

(ii) Included in the Group's prepayments and other receivables is an amount due from an investee of HK$7,520,000 (2023: HK$7,520,000) which is unsecured, interest-free and repayable on demand.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group generally allows credit periods ranging from 30 days to 120 days regarding different customers. The following is an ageing analysis of gross carrying amounts of trade and bills receivables, presented based on the invoice date, at the end of each reporting period:

	At 31 December	
	2024	2023
	HK$'000	HK$'000
Within 30 days	**14,944**	6,174
31 to 60 days	**3,058**	5,124
61 to 120 days	**9,257**	1,867
121 to 180 days	**771**	319
181 to 365 days	**–**	3
More than 365 days	**22**	33
	28,052	13,520

Movement in allowances of expected credit losses represented impairment loss of HK$10,000 (2023: reversal of impairment loss of HK$64,000) during the year.

As at 31 December 2024, included in the Group's trade and bills receivables balance were debtors with an aggregate carrying amount of HK$2,949,000 (2023: HK$3,046,000) which was past due as at the reporting date. Among the past due balances, HK$56,000 (2023: HK$42,000) has been past due 90 days or more and is considered as in default. Except for bills receivables, the Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the years ended 31 December 2024 and 2023 are set out in note 36.

24. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is unsecured, interest-free and has no fixed repayment term.

In the opinion of the directors, the expected credit losses for the amount due from an associate is minimal and hence, no provision is provided.

25. CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**15,093**	14,020
Time deposits	**31,094**	46,720
	46,187	60,740

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$1,588,000 (2023: HK$2,281,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

26. TRADE AND OTHER PAYABLES

	At 31 December	
	2024 HK$'000	2023 HK$'000
Trade and bills payables (note i)	**34,234**	12,016
Deposits received (note ii)	**2,956**	5,920
Payroll payables	**5,109**	4,085
Accrued charges	**2,401**	2,662
Others	**135**	179
	44,835	24,862
Analysed as		
Current	**43,676**	23,643
Non-current	**1,159**	1,219

26. TRADE AND OTHER PAYABLES *(Continued)*

Notes:

(i) Included in the Group's trade and bills payables are bills payables of HK$28,583,000 (2023: HK$9,646,000) issued by the Group to the relevant suppliers for future settlement. The Group continues to recognise these 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 and the Group makes corresponding settlements with the relevant banks on due date without further extension. Accordingly, management of the Group considered these arrangements do not involve financing and presents cash outflows for such settlements as those arising from operating activities.

(ii) The balance mainly represents deposits received from an apparel brand owner that the Group serves to secure production of denim fabrics based on procurement projections of the brand owner before confirmed purchases.

The ageing analysis of the trade and bills payables presented based on the invoice date at the end of each reporting period is as follows:

	At 31 December	
	2024	2023
	HK$'000	HK$'000
Within 30 days	**10,105**	10,469
31 to 60 days	**14,816**	1,547
61 to 120 days	**9,313**	–
	34,234	12,016

The average credit period on trade and bills payables is ranging from 30 days to 180 days.

The trade and other payables are non-interest bearing.

27. BANK BORROWINGS

	2024			2023		
	Effective interest rate	**Maturity**	**HK$'000**	Effective interest rate	Maturity	HK$'000
Current						
Bank loans	**5.2% to 7.1%**	**2025**	**23,500**	6.7% to 6.9%	2024	29,000
Current portion of long term bank loans	**3.0%**	**2025**	**472**	–	–	–
Export bills payables	**4.8% to 7.8%**	**2025**	**2,092**	–	–	–
			26,064			29,000
Non-current						
Bank loans	**3.0%**	**2027**	**4,772**	–	–	–
Total			**30,836**			29,000

	2024 HK$'000	2023 HK$'000
Analysed into:		
Bank borrowings repayable:		
Within one year	**26,064**	29,000
In the second year	**629**	–
In the third to fifth years, inclusive	**4,143**	–
Total	**30,836**	29,000

Notes:

(i) The above bank loans are unsecured.

(ii) Details of export bills payables are included in note 23 to the consolidated financial statements.

(iii) As at the end of the reporting period, except for bank borrowings of HK$5,244,000 (2023: Nil), which were denominated in RMB, all bank borrowings are denominated in HK$.

28. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Short term advances received from customers			
Sales of denim fabrics	**2,276**	891	2,434

Contract liabilities include short-term advances received for the sale of denim fabrics. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers; while the decrease in contract liabilities in 2023 was mainly due to the decrease in short-term advances received from customers.

29. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000,000	10,000
Issued and fully paid:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	640,000,000	6,400

30. SHARE OPTION SCHEME

On 19 June 2018 (the "Adoption Date"), the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentive or reward to any employees, executives or officers, directors of the Group or any invested entity and any shareholder, supplier, customer, consultant or adviser of any member of the Group or any invested entity, who have contributed or will contribute to the growth and development of the Group ("Eligible Participants"). The Share Option Scheme will remain in force for a period of ten years commencing after the Adoption Date.

Under the Share Option Scheme, HK$1.00 is payable by the grantee to the Company on acceptance of the share option offer and an offer must be accepted on or before a date as specified in writing, being a date not later than 21 days after the offer date. The directors of the Company may at their discretion determine the specific exercise period which should expire in any event no later than the last day of the ten-year period after the date of grant of the share options. The exercise price is determined by the directors of the Company and will not be less than the highest of: (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Company's shares on the offer date; (b) the average of closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (c) the nominal value of the Company's shares.

The maximum number of shares which may initially be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Company's shares in issue at the time dealings in the Company's shares first commence on the Stock Exchange, i.e. 640,000,000 shares.

No share options were granted since the Adoption Date and up to 31 December 2024.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets of HK$7,566,000 (2023: Nil) (including adjustments to the fair value on refundable rental deposits of HK$99,000 (2023: Nil)) and lease liabilities of HK$7,467,000 (2023: Nil), respectively, in respect of lease arrangements for leased properties.

(b) Changes in liabilities arising from financing activities

	Bank borrowings HK$'000	Lease liabilities HK$'000
At 1 January 2023	31,361	9,026
Changes from financing cash flows	(4,065)	(5,880)
Interest expenses	1,704	285
At 31 December 2023 and 1 January 2024	**29,000**	**3,431**
Changes from financing cash flows	**(89)**	**(5,435)**
New leases	**–**	**7,467**
Remeasurement due to lease modifications	**–**	**2,963**
Termination of leases	**–**	**(1,187)**
Interest expense	**1,925**	**327**
At 31 December 2024	**30,836**	**7,566**

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows are included in financing activities.

32. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following transactions with a related party during the year:

Relationship	Nature of balances/transactions	2024 HK$'000	2023 HK$'000
Related party			
Star Alliance Holdings Limited	Interest expense on lease liabilities	**190**	154
(note)	Lease liabilities	**4,192**	1,978

Note: As at 31 December 2024 and 2023, Star Alliance Holdings Limited was owned as to 25% each by Ms. Lau, Mr. Stephen Tung, Mr. Stanley Tung and the late Mr. TH Tung, who were also controlling shareholders of the Company.

During the year, the Group entered into certain lease and lease-related agreements with Star Alliance as detailed in the Company's announcements dated 29 July 2024 and 31 December 2024, which also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of directors and key management personnel

	Year ended 31 December	
	2024 HK$'000	2023 HK$'000
Salaries and other allowances	**10,180**	10,749
Retirement benefit scheme contributions	**72**	72
Other benefits (note)	**1,553**	1,536
	11,805	12,357

Note:

Other benefits represent the estimated money value of rentals for a director's quarters. During the year ended 31 December 2024, depreciation of right-of-use assets in relation to these non-monetary benefits amounted to HK$1,553,000 (2023: HK$1,536,000).

The remuneration of directors and key management personnel are determined having regard to the performance of the individuals and contribution to the Group.

33. 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 balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net cash, which includes bank borrowings and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group review the capital structure regularly. As part of this review, the management of the Group consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024
Financial assets

	Financial assets at fair value through profit or loss — Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial asset at FVTPL	19,144	–	19,144
Financial assets included in trade and other receivables	–	36,946	36,946
Amount due from an associate	–	616	616
Cash and cash equivalents	–	46,187	46,187
Total	19,144	83,749	102,893

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in trade and other payables	**39,706**
Lease liabilities	**7,566**
Bank borrowings	**30,836**
Total	**78,108**

2023

Financial assets

	Financial assets at fair value through profit or loss — Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial asset at FVTPL	21,745	–	21,745
Financial assets included in trade and other receivables	–	22,829	22,829
Amount due from an associate	–	616	616
Cash and cash equivalents	–	60,740	60,740
Total	21,745	84,185	105,930

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in trade and other payables	20,765
Lease liabilities	3,431
Bank borrowings	29,000
Total	53,196

35. FAIR VALUE AND FAIR VALUE HIERARCHY

Management has assessed that the fair values of financial assets included in trade and other receivables, amount due from an associate, cash and cash equivalents, financial liabilities included in trade and other payables, bank borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

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

The fair values of the non-current portions of bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2024 were assessed to be insignificant. In the opinion of the directors, their carrying amounts are not significantly different from their respective fair values.

The fair value of unlisted equity investment included in financial asset at FVTPL has been estimated using assets based approach in which the underlying property is valued by income capitalisation method. The valuation requires the directors to make estimates about the fair value of the assets and liabilities of the entity and using unobservable inputs of reversionary yield and reversionary rental for the valuation of the underlying property.

35. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2024				
Financial asset at FVTPL	**–**	**–**	**19,144**	**19,144**
31 December 2023				
Financial asset at FVTPL	–	–	21,475	21,475

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

	2024	2023
	HK$'000	HK$'000
At 1 January	**21,745**	21,094
Fair value (loss)/gain	**(2,601)**	651
At 31 December	**19,144**	21,745

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

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

35. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value measurements of financial instruments

The below tables summarised the financial instruments measured at fair value on a recurring basis:

Financial instrument	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and significant key or unobservable inputs
	2024	2023		
	HK$'000	HK$'000		
Financial asset at FVTPL	**19,144**	21,745	Level 3	Assets based approach by which the underlying property is valued by income capitalisation method. The key unobservable input is reversionary yield and reversionary rental. (Note)

Note: An increase in the reversionary yield used in valuation of the underlying property would result in decrease in the fair value of the financial asset at FVTPL.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments mainly include financial assets included in trade and other receivables, an amount due from an associate, a financial asset at FVTPL, cash and cash equivalents, financial liabilities included in trade and other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk

The Group's activities expose it primarily to currency risk and interest rate risk. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

The Group's exposure to foreign currency risk related primarily to monetary assets and liabilities that are denominated in currencies other than the functional currency of the entity to which they related. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The management of the Group considers that the exposure of US$ against HK$ is limited as HK$ is pegged to US$ and the Group is mainly exposed to the currency risk of RMB against US$ during the year.

Sensitivity analysis

For sensitivity analysis, a 5% (2023: 5%) increase and decrease in RMB against US$ with all other variables held constant, loss for the year would have been decrease by HK$525,000 (2023: HK$99,000). 5% (2023: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in the US$ exchange rates.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures did not reflect the exposure during the year.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances and variable-rates bank borrowings due to the fluctuation of the prevailing market interest rates. Currently, the Group does not have a specific policy to manage its interest rate risk in respect of the variable-rates bank borrowings, but the management will closely monitor interest rate exposures and consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for variable-rates bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. A 50 basis point (2023: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates for each of the years ended 31 December 2024 and 2023.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower for variable-rate interest-bearing liabilities and all other variables were held constant, the Group's loss for the year would increase/decrease by HK$137,000 (2023: HK$121,000).

Credit risk and impairment assessment

As at 31 December 2024 and 2023, the carrying amounts of the financial assets as stated in the consolidated statement of financial position best represented the Group's maximum exposure to credit risk, which may cause a financial loss to the Group due to failure to discharge obligations by the counterparties. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that settlement of most of trade receivables are backed by bills issued by reputable financial institutions.

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on bank balances is limited because the counterparties are banks with high credit rating and good reputation.

The Group has concentration of credit risks as 20.93% and 36.66% of the total trade and bills receivables were due from one of the Group's customers, and 63.71% and 48.98% of the total trade and bills receivables were due from five of the Group's customers, as at 31 December 2024 and 2023, respectively.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade and bills receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer credit quality and define credit limits by customers. Credit limits contributed to customers and credit term granted to customer are reviewed regularly. The team also develops/maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group only accepts bills issued or guaranteed by reputable Hong Kong banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the bills is insignificant. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit rating information is provided by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and the Group's own trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Trade receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings and assessed on collective basis.

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

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Very low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — Not credit-impaired	12-month ECL
Low risk	Debtor frequently repays after due dates but usually settles in full	Lifetime ECL — Not credit-impaired	12-month ECL
Fair risk	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
Substantial risk	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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade and bills receivables (Continued)

The following table provides information about the exposure to credit risk for trade and bills receivables which are subject to ECL assessment and assessed on collective basis:

Internal credit rating	Default rate	Carrying amounts HK$'000	Loss allowance HK$'000	Net amounts HK$'000
As at 31 December 2024				
Very low risk	**0.6%–0.11%**	**27,513**	**21**	**27,492**
Low risk	**2.07%**	**296**	**6**	**290**
Fair risk	**22.19%**	**68**	**15**	**53**
Substantial risk	**51.27%**	**175**	**90**	**85**
Total		**28,052**	**132**	**27,920**
As at 31 December 2023				
Very low risk	0.6%–0.11%	11,346	8	11,338
Low risk	2.10%	1,982	42	1,940
Fair risk	22.59%	95	21	74
Substantial risk	52.20%	97	51	46
Total		13,520	122	13,398

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade and bills receivables (Continued)

The following table shows the movements in lifetime ECLs that have been recognised for trade and bills receivables.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 January 2023	149	37	186
Recognised to profit or loss, net	(78)	14	(64)
As at 31 December 2023 and 1 January 2024	**71**	**51**	**122**
Recognised to profit or loss, net	**(29)**	**39**	**10**
As at 31 December 2024	**42**	**90**	**132**

Other receivables

For other receivables with a gross carrying amount of HK$9,026,000 (2023: HK$9,431,000), the Group has applied the general approach in HKFRS 9 to measure the loss allowance approximate to such at 12-month ECL, since the directors of the Company did not expect any significant increase in credit risk. The ECLs on other receivables are assessed collectively, which is based on the counterparties' past due history and current past due exposure and taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort. The directors of the Company considered the internal credit rating of these items of risk either very low or low. Thus, credit risk of these items was insignificant and no impairment was provided on these items at the year end.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on the customer type and market default rate unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Contract assets	–	–	–	406	406
Trade and bills receivables	–	–	–	28,052	28,052
Financial assets included in other receivables					
— Normal	9,026	–	–	–	9,026
Amount due from an associate					
— Normal	616	–	–	–	616
Cash and cash equivalents					
— Not yet past due	46,187	–	–	–	46,187
Total	55,829	–	–	28,458	84,287

As at 31 December 2023

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade and bills receivables	–	–	–	13,520	13,520
Financial assets included in other receivables					
— Normal	9,431	–	–	–	9,431
Amount due from an associate					
— Normal	616	–	–	–	616
Cash and cash equivalents					
— Not yet past due	60,740	–	–	–	60,740
Total	70,787	–	–	13,520	84,307

* The credit quality of the financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets have significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

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

The following table details the Group's contractual maturity for its financial liabilities based on the agreed repayment terms. 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.

	On demand or less than 1 year HK$'000	1 year to 5 years HK$'000	Total undiscounted cash flows HK$'000
As at 31 December 2024			
Financial liabilities included in trade and other payables	**39,706**	**–**	**39,706**
Bank borrowings	**26,665**	**4,914**	**31,579**
Lease liabilities	**4,725**	**3,392**	**8,117**
	71,096	**8,306**	**79,402**
As at 31 December 2023			
Financial liabilities included in trade and other payables	20,765	–	20,765
Bank borrowings	29,000	–	29,000
Lease liabilities	3,491	–	3,491
	53,256	–	53,256

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At 31 December 2024 HK$'000	2023 HK$'000
Non-current assets		
Interest in a subsidiary	**4**	4
Amounts due from subsidiaries	**113,522**	113,922
	113,526	113,926
Current assets		
Prepayments, deposits and other receivables	**185**	193
Cash and cash equivalents	**10,304**	10,585
	10,489	10,778
Current liabilities		
Accruals	**15**	–
Net current assets	**10,474**	10,778
Net assets	**124,000**	124,704
Equity		
Share capital	**6,400**	6,400
Reserves	**117,600**	118,304
Total equity	**124,000**	124,704

Movements in the Company's reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2023	141,986	(23,045)	118,941
Loss and total comprehensive loss for the year	–	(637)	(637)
Balance at 31 December 2023 and 1 January 2024	141,986	(23,682)	118,304
Loss and total comprehensive loss for the year	–	(704)	(704)
Balance at 31 December 2024	141,986	(24,386)	117,600

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the principal wholly-owned subsidiaries held by the Company as at 31 December 2024 and 2023 are set out below.

Name of subsidiary	Principal activities	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid-up share capital/ registered capital
Indirectly:			
H.W. Textiles Co., Limited	Design, trading of denim fabrics and investment holding	Hong Kong	HK$1,500,000
Kingstead Industrial Limited	Trading of denim fabrics and investment holding	Hong Kong	HK$100,000
Zhongshan Hing Tak Weaving and Dyeing Limited 中山興德紡織漿染有限公司*	Manufacture and trading of denim fabrics	The PRC	HK$25,000,000
Zhongshan Hing Shing Finishing and Dyeing Limited 中山市興盛漿染整理有限公司*	Provision of sizing, dyeing and finishing services on denim fabrics	The PRC	HK$35,000,000

* The subsidiary is a wholly-foreign-owned enterprise established in the PRC. The English name of the entity is for identification only. The official name of the entity is in Chinese.

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

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

39. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with current year's presentation and disclosures.

Financial Summary

The following table summarises the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Results					
Revenue	**214,670**	162,884	245,176	362,999	255,443
Loss before tax	**(36,349)**	(43,268)	(55,069)	(12,009)	(42,654)
Income tax credit	**1,399**	5,468	5,107	102	1,622
Loss and total comprehensive loss for the year attributable to owners of the Company	**(34,950)**	(37,800)	(49,962)	(11,907)	(41,032)
Assets					
Non-current assets	**143,537**	152,572	163,548	147,886	149,158
Current assets	**188,168**	190,611	230,869	356,126	369,514
Total assets	**331,705**	343,183	394,417	504,012	518,672
Liabilities					
Non-current liabilities	**(13,048)**	(8,928)	(12,528)	(10,399)	(10,160)
Current liabilities	**(77,935)**	(58,583)	(68,417)	(130,179)	(133,171)
Total liabilities	**(90,983)**	(67,511)	(80,945)	(140,578)	(143,331)
Equity					
Equity attributable to owners of the Company and total equity	**240,722**	275,672	313,472	363,434	375,341
Current ratio (current assets/current liabilities)	**2.41**	3.25	3.37	2.74	2.77
Gearing ratio (total bank borrowings and lease liabilities/total equity)	**16.0%**	11.8%	12.9%	14.6%	19.8%

The results of the Group for the financial year ended 31 December 2024 and its assets and liabilities as at 31 December 2024 are set forth on pages 40 to 118 and are presented on the basis set out in note 2 to the consolidated financial statements.

Corporate Information

EXECUTIVE DIRECTORS
Mr. Tung Wai Ting Stephen
Mr. Tung Cheuk Ming Stanley

NON-EXECUTIVE DIRECTOR
Ms. Lau Chung Chau *(Chairlady)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Tsang Ling Bin Gilbert
Mr. Cheung Che Kit Richard
Mr. Wong Ming Bun David

COMPANY SECRETARY
Mr. Cheung Ka Chun

AUDIT COMMITTEE
Mr. Tsang Ling Biu Gilbert *(Chairman)*
Mr. Cheung Che Kit Richard
Mr. Wong Ming Bun David

REMUNERATION COMMITTEE
Mr. Wong Ming Bun David *(Chairman)*
Mr. Cheung Che Kit Richard
Mr. Tung Wai Ting Stephen

NOMINATION COMMITTEE
Mr. Wong Ming Bun David *(Chairman)*
Mr. Cheung Che Kit Richard
Mr. Tung Cheuk Ming Stanley

AUTHORISED REPRESENTATIVES
Mr. Tung Wai Ting Stephen
Mr. Cheung Ka Chun

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