



GILSTON GROUP LIMITED

進騰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

INTERIM REPORT

2025

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Corporate Information

DIRECTORS

Executive Directors

Mr. Yip Siu Lun Dave (*Chairman*)
Mr. Wu Cody Zhuo-xuan
Mr. Mak Yung Pan Andrew
Ms. Cheung Ka Yuen

Non-executive Director

Ms. Lin Ping

Independent Non-executive Directors

Mr. Leung Ka Tin
Mr. Cheng Hong Kei
Mr. Ko Kwok Shu

AUDIT COMMITTEE

Mr. Cheng Hong Kei
(*Committee Chairman*)
Mr. Leung Ka Tin
Mr. Ko Kwok Shu

NOMINATION COMMITTEE

Mr. Yip Siu Lun Dave
(*Committee Chairman*)
Mr. Leung Ka Tin
Mr. Cheng Hong Kei
Mr. Ko Kwok Shu

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei
(*Committee Chairman*)
Mr. Leung Ka Tin
Mr. Ko Kwok Shu

COMPANY SECRETARY

Mr. Chan Kam Fuk

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 10A and 10B, 15/F
Nine Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Corporate Information

HONG KONG SHARE REGISTRAR

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

AUDITOR

SFAI (HK) CPA LIMITED
Certified Public Accountants

PRINCIPAL BANKERS

The Bank of East Asia Limited
The Hong Kong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of China
Agricultural Bank of China
China Construction Bank
Bank of Guangzhou

COMPANY WEBSITE

[https://www.irasia.com/listco/hk/
gilstongroup/index.htm](https://www.irasia.com/listco/hk/gilstongroup/index.htm)

Financial Highlights

	Six months ended 30 June		
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)	change + / (-)
Revenue	194,615	160,386	21.3%
Gross profit	99,349	88,910	11.7%
Gross profit margin	51.0%	55.4%	(7.9%)
Profit for the period	30,882	10,533	193.2%
Attributable to equity shareholders of the Company			
Profit for the period	26,372	10,846	143.1%
Basic earnings per share (HK cents)	4.6	1.9	142.1%
Diluted earnings per share (HK cents)	4.5	1.8	150.0%
	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)	change + / (-)
Total assets	597,064	551,788	8.2%
Cash and cash equivalents	120,585	141,480	(14.8%)
Total equity attributable to equity shareholders of the Company	213,826	180,866	18.2%

Management Discussion and Analysis

BUSINESS REVIEW

The Group continued to operate the zipper and starting from September 2023, the Group commenced to provide property management services. From January 2025, the Group commenced its leasing and subleasing of Jiajinlong Car City Business through completion of share subscription of 90% share capital of Shenzhen Jiajinlong Industrial Development Co., Ltd (深圳市嘉進隆實業發展有限公司).

The Group continued to operate the zipper business during the six months ended 30 June 2025 (the “**Reporting Period**”). The customers in the zipper business are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$26.37 million for the six months ended 30 June 2025, as compared with profit attributable to equity shareholders of the Company of approximately HK\$10.85 million for the same period in 2024. The increase in profit is mainly attributable to, amongst other factors, share of a higher portion of revenue and net profit from direct operation of Jiajinlong Car City through subscription of 90% shares of Shenzhen Jiajinlong Industrial Development Co., Ltd. (深圳市嘉進隆實業發展有限公司) than through management of Jiajinlong Car City through management agreement.

PROSPECTS

In 2025, amid a complex and challenging environment, China’s economy achieved steady growth. In the face of numerous uncertainties, the Group has successfully achieved a turnaround from loss to profit through operational strategy adjustments and diversified developments and recorded an improved profit during the Reporting Period. In the future, the Group will continue to explore innovation, remain agile in response to changes and fully utilize its strengths in order to build a solid and sustainable foundation for development.

Management Discussion and Analysis

Property Management Business

Starting from January 2025, the Group managed and operated the Jiajinlong Car City directly through completion of subscription of 90% shares of the subsidiary. Up to the date of this interim report, the Group is pleased announce that, the use of Land has been extended for maximum 5 years. For details, please refer to the “business update” announcement of the Company dated 29 August 2025. The Group is actively working with the relevant parties including the Lessees with a view to obtaining the approval for renewal of the right to use the Land for a period of 20 years. If the right to use the Land for Jiajinlong Car City is renewed, the Group shall be solely entitled for managing and operating the Jiajinlong Car City.

The Zipper Business

Although the domestic apparel market has rebounded as a result of the market dynamics triggered by the national policies to stimulate consumption and new consumption models, the operating environment remains tough due to the lack of end-user consumption momentum as a result of factors such as sluggish consumer sentiment and intensified competition in the market. At the same time, rising costs and interest rates have further increased the challenges, causing the Group to adopt a more conservative attitude towards its zipper business.

Looking ahead, the Group maintains a prudent attitude towards the improvement of the macro-economy and will proactively respond to the challenges of the operating environment by enhancing its competitiveness through the following measures:

- Consolidating existing production capacity and enhancing automation and production efficiency;
- Improving process and product quality while strictly controlling costs;
- Enhancing capital management to mitigate operational risks;
- Strengthening talent management to enhance organizational and operational capabilities.

The Group has always adhered to a pragmatic business strategy and actively pursued diversification while stabilizing its existing business to achieve steady growth and stable cash flow, and effectively reduce business risks.

Management Discussion and Analysis

FINANCIAL REVIEW

A comparison of the financial results for the six months ended 30 June 2025 and the corresponding period in 2024 is set out as follows:

REVENUE

For the six months ended 30 June 2025, the Group recorded revenue amounting to approximately HK\$194.6 million, representing an increase of approximately 21.3% as compared to the same period in 2024. The increase in revenue was primarily due to the expansion of new property management business that generated considerable revenue to the Group.

The following table sets forth the details of the Group's total revenue by business segment for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Zipper business	129,011	66.3	115,115	71.8
Property management business	65,604	33.7	45,271	28.2
Total revenue	194,615	100.0	160,386	100.0

Zipper Business

The Group's revenue for the six months ended 30 June 2025 amounted to approximately HK\$129.0 million, representing an increase of approximately 12.1% as compared to the same period in 2024.

Management Discussion and Analysis

EXPENSES AND COSTS

Distribution costs, comprising mainly staff costs, transportation costs and advertising and promotion expenses, increased by approximately 21.7% to approximately HK\$13.4 million for the six months ended 30 June 2025 from approximately HK\$11.0 million for the same period in 2024, which was mainly due to the increase in sales activities and advertisement.

Administrative expenses, consisting primarily of salary and welfare expenses for management and administrative personnel, depreciation and amortisation, professional fees, auditors' remuneration and other administrative expenses, increased by approximately 16.3% to approximately HK\$56.2 million for the six months ended 30 June 2025 from approximately HK\$47.7 million for the same period in 2024, which was mainly due to the consolidation of the property management business since the completion of subscription 90% share capital to Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司).

PROFITABILITY

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$26.4 million for the six months ended 30 June 2025, as compared with a profit attributable to equity shareholders of the Company of approximately HK\$10.8 million for the six months ended 30 June 2024. The profit margin attributable to equity shareholders of the Company was approximately 13.6% for the six months ended 30 June 2025 (2024: 6.8%).

CONNECTED TRANSACTIONS

Connected Transactions in Relation to the Lease in Respect of Certain Land and Buildings

- (i) On 15 January 2024, Classic Winner Limited ("**Classic Winner**"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zippers Corporation Limited ("**KEE Zippers**"), an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the "**Fourth HK Lease Renewal Agreement**") pursuant to which Classic Winner has agreed to lease to KEE Zippers a property in Hong Kong at a monthly rental of HK\$52,600 (exclusive of Government rates, Government rent, management fees and all other outgoings) payable in advance in cash without any deduction on the 16th day of each month for a term of two years commencing from 16 January 2024 to 15 January 2026. As Classic Winner is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Classic Winner is therefore a connected person of the Company at the subsidiary level.

Management Discussion and Analysis

An independent property valuer advised that the monthly rental of HK\$52,600 is fair and reasonable with reference to the market value.

- (ii) On 15 January 2024, 佛山市南海今和明投资有限公司 (Foshan City Nanhai Jinheming Investment Company Limited*) ("**Nanhai Jinheming**"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and 開易(浙江)服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited*) ("**KEE Zhejiang**"), an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the "**Third Zhejiang Lease Renewal Agreement**") pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the production base in Zhejiang Province at a monthly rental of RMB607,000 payable in cash within the first 10 working days of each month commencing from 16 January 2024 to 31 May 2024 with three months' rent of RMB1,821,000 as deposit. As Nanhai Jinheming is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Nanhai Jinheming is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of RMB607,000 is fair and reasonable with reference to the market value.

- (iii) On 30 December 2022, Mr. Xu Xipeng and Mr. Xu Xinan, connected persons at the subsidiary level of the Company, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the "**Guangdong Lease Renewal Agreement 2022**") to renew the lease of a plant in Guangdong for a further term of two years commencing from 1 January 2023 to 31 December 2024 for a monthly rental of RMB428,980 payable within the first 10 working days of each month commencing from 1 January 2023.

An independent property valuer advised that the monthly rental of RMB428,980 is fair and reasonable with reference to the market value.

Management Discussion and Analysis

- (iv) On 27 August 2021, KEE Jingmen, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, and KEE Guangdong an indirect 85%-owned subsidiary of the Company entered into a two years lease renewal agreement (the “**Jingmen Lease Renewal Agreement 2021**”) pursuant to which KEE Jingmen has agreed to lease the Jingmen property at a monthly rental of RMB533,000 payable before the fifth day of each month commencing from 1 September 2021 to 31 August 2023, with three months’ rent of RMB1,599,000 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, KEE Jingmen is a connected person at the subsidiary level of the Company as of the date of the Jingmen Lease Renewal Agreement 2021. An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

On 29 April 2022, 開易(湖北)拉鏈製造有限公司 (KEE (Hubei) Zippers Manufacturing Company Limited*) (“**KEE Hubei**”) replaced KEE Guangdong as a new lessee to the Jingmen Lease Renewal Agreement 2021. KEE Jingmen as lessor, KEE Guangdong as the original lessee, and KEE Hubei as the new lessee entered into a novation agreement pursuant to which KEE Hubei shall assume all the rights and obligations of KEE Guangdong under the Jingmen Lease Renewal Agreement 2021 with effect from 1 May 2022. An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

- (v) On 31 May 2022, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the “**PRC Property Phase II**”) for a term from 1 June 2022 to 31 August 2023 (the “**Phase II Lease Agreement**”) pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB245,658 payable in cash before the fifteen day of each month commencing from 1 September 2022 with three months’ rent of RMB736,974 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB245,658 is fair and reasonable with reference to the market rate.

Management Discussion and Analysis

- (vi) On 31 August 2023, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the **“PRC Property”**) for a term from 1 September 2023 to 31 August 2029 (the **“Lease Agreement”**), which replaced the leases expired on 31 August 2023 as mentioned in items (iv) and (v) above, pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB969,735 payable in cash before the fifteen day of each month commencing from 1 September 2023 with three months' rent of RMB2,909,205 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB969,735 is fair and reasonable with reference to the market rate.

BUSINESS UPDATE IN RELATION TO CONTINUOUS RECOGNITION AS AN ENTERPRISE OF NEW AND HIGH TECHNOLOGY AND PROFIT TAX CONCESSION

KEE Guangdong, a 85%-owned subsidiary of the Company, has been continuously recognised as an enterprise of new and high technology according to the recognition certificate jointly issued by the Science and Technology Department of Guangdong (廣東省科學技術廳), the Finance Department of Guangdong (廣東省財政廳), the State Tax Bureau of Guangdong (廣東省國家稅務局) and the Provincial Tax Bureau of Guangdong (廣東省地方稅務局).

According to the relevant regulations, being recognised as an enterprise of new and high technology, KEE Guangdong would be entitled to enjoy a preferential tax concession in the PRC and its applicable profit tax rate up to 2025 is expected to be 15%. Without this preferential tax concession, normal profit tax rate of KEE Guangdong would be 25%.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

The Group's funding policy aims at ensuring sufficient capital to meet the working capital requirements, increase capital efficiency and capital gains. The Group will apply the appropriate debt instrument in financing to achieve those objectives.

The Group's net cash inflow from operating activities for the six months ended 30 June 2025 amounted to approximately HK\$1.03 million (six months ended 30 June 2024: inflow of HK\$10.82 million). Such decrease was mainly attributable to an increase in non-current prepayments and rental deposit as at 30 June 2025. The Group's net cash outflow from investing activities for the six months ended 30 June 2025 amounted to approximately HK\$17.61 million (six months ended 30 June 2024: HK\$17.93 million). The net cash outflow was mainly attributable to the payment for the purchase of property, plant and equipment. The Group's net cash outflow from financing activities for the six months ended 30 June 2025 amounted to approximately HK\$5.35 million (net cash inflow for the six months ended 30 June 2024: HK\$20.87 million).

As at 30 June 2025, cash and cash equivalents amounted to approximately HK\$120.59 million, representing a decrease of approximately HK\$20.90 million as compared with the position as at 31 December 2024.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which includes interest-bearing loans and borrowings), less cash and cash equivalents. Adjusted capital comprises all components of equity.

Management Discussion and Analysis

PLACING OF NEW SHARES UNDER GENERAL MANDATE DURING THE YEAR ENDED 31 DECEMBER 2024

On 4 January 2024, the Company and KGI Asia Limited (the “**Placing Agent**”) entered into a placing agreement. Pursuant to the placing agreement, the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 16,733,000 new shares of the Company at HK\$1.21 per share to not less than six placees. The new shares were allotted and issued pursuant to the general mandate granted to the Directors pursuant to the resolutions of the shareholders of the Company passed at the annual general meeting of the Company held on 27 June 2023. On 19 January 2024, 16,733,000 new shares of the Company have been successfully allotted and issued to not less than six placees at HK\$1.21 per share. The net issue price of the placing shares was HK\$1.19. The net proceeds from the placing of approximately HK\$19.9 million were intended to be used as general working capital and future business opportunities and investments of the Group. For details, please refer to the announcements of the Company dated 4 January 2024 and 19 January 2024.

Set out below is the summary of the utilisation of the net proceeds from the above placing:

Intended use of proceeds	Allocation of proceeds HK\$ million	Utilisation as at 31 December 2024 HK\$ million	Utilisation as at 30 June 2025 HK\$ million	Unutilised as at 30 June 2025 HK\$ million	Expected timeline for full utilisation of the remaining proceeds
General working capital and future business opportunities and investments of the Group	19.9	5.8	17.3	2.6	By Sep 2025

There has been no change of intended use of the proceeds from the placing.

GEARING RATIO

The Group’s gearing ratio was 53.1% (2024: 60.1%) which is calculated using bank borrowings divided by total equity and multiplied by 100%.

Management Discussion and Analysis

BANK BORROWINGS

The Group had bank borrowings of approximately HK\$122.29 million as at 30 June 2025 (2024: approximately HK\$114.49 million). Included in the balance amounting to HK\$19,194,000 (2024: HK\$10,601,000) is unsecured and carries fixed interest at 3.5%. The remaining balance are individual guaranteed by the directors of the subsidiary and related parties of the directors of the subsidiaries and secured by properties owned by the related parties of the directors of the subsidiaries. All the borrowings were denominated in Renminbi.

NET CURRENT ASSETS

As at 30 June 2025, the Group had net current assets of approximately HK\$90.35 million. The key components of current assets as at 30 June 2025 included inventories of approximately HK\$38.41 million, trade and other receivables of approximately HK\$130.95 million and cash and cash equivalents of approximately HK\$120.59 million. The key components of current liabilities included trade and other payables of approximately HK\$128.93 million, borrowing of approximately HK\$27.97 million and current portion of lease liabilities of approximately HK\$18.28 million.

The net current assets increased by approximately HK\$31.15 million to HK\$90.35 million as at 30 June 2025 from approximately HK\$59.20 million as at 31 December 2024.

PLEDGED ASSETS

As at 30 June 2025, the Group did not have any pledged assets.

CONTINGENT LIABILITIES

At the end of the reporting period, there were two allegedly infringing product claims being lodged against two subsidiaries of the Group claiming (i) in one of the action, an immediate cessation of the production of an allegedly infringing product, destruction of all existing inventory of such product, compensation for economic losses amounting to RMB1,000,000, reasonable expenses of RMB200,000, and reimbursement of all litigation costs; and (ii) in another action, an immediate cessation of the production of an allegedly infringing product, destruction of all existing inventory of such product, compensation for economic losses and reasonable expenses totalling RMB1,000,000, and reimbursement of all litigation costs.

Management Discussion and Analysis

Other than the disclosure of above, as at the end of the Reporting Period, the Group was not involved any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2025, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

FOREIGN CURRENCY RISK

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2025.

EMPLOYEES

As at 30 June 2025, the Group had 696 full-time employees (30 June 2024: 753). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2025 were approximately HK\$61.8 million (the six months ended 30 June 2024: approximately HK\$64.7 million). The increase in staff costs is mainly due to the increase in headcount of the workers as a result of the human resources integration and the share-based compensation.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

EVENTS AFTER REPORTING PERIOD

As disclosed in the announcement of the Company dated 30 June 2025, the application procedure for the renewal of the right to use the Land (as defined in circular of the Company dated 25 November 2024) (the “**Circular**”) is still under way and the Group is actively working with the relevant parties including the Lessees with a view to obtaining the approval for the renewal of the right to use the Land for a period of 20 years. The Company was informed by the Lessees (as defined in the Circular) that two supplemental agreements for the Land Entrustment Agreement (as defined in the Circular) were signed between the Lessees and 深圳市南頭街道辦事處, the current competent authority for the management of the right to use the Land, pursuant to which the Lessees is granted a transition period for the right to use the Land until 15 July 2028, and if the formal procedures for renewal of the right to use the Land is not completed by then, such transition period will unconditionally extend to 15 July 2030. On 29 August 2025, a second supplemental entrustment agreement was entered between Shenzhen Daxin, Shenzhen Nantoucheng, Shenzhen Tianxia and Shenzhen Anle 13 (as defined in circular of the Company dated 25 November 2024) as Lessees and Shenzhen Jiajinlong Industrial Development Co., Ltd. (深圳市嘉進隆實業發展有限公司) (i.e. the Target Company (as defined in the Circular) (“**Shenzhen Jiajinlong**”) and Shenzhen Anle Liandui (the “**Second Supplemental Entrustment Agreement**”), pursuant to which, amongst others, that the operation of the Jiajinlong Car City will be extended to 15 July 2030. However, such extension may be affected by the renewal of the right to use the Land. The renewal of the right to use of the Land is in progress and the Group is actively assisting the Lessees for such renewal. For further details of the Second Supplemental Entrustment Agreement, please refer to the announcement of the Company dated 29 August 2025.

Management Discussion and Analysis

SHARE OPTION SCHEME

At the extraordinary general meeting of the Company held on 30 May 2023, an ordinary resolution was passed to adopt a share option scheme (the “**Share Option Scheme**”).

The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contributions or potential contribution to the Group. The eligibility of any of the eligible participants shall be determined by the Board from time to time on the basis of the Board’s opinion as to the eligible participant’s contribution to the development and growth of the Group.

When the Share Option Scheme was approved by the shareholders of the Company on 30 May 2023, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the Shares in issue as at the date of the extraordinary general meeting, i.e. 55,776,480 Shares (the “**Scheme Mandate Limit**”). The Company may renew the Scheme Mandate Limit with shareholders’ approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders’ approval. Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued Shares of the Company for the time being. For further details in relation to grants of options to the Directors, chief executive or substantial Shareholders of the Company or their respective associates, please refer to the announcement of the Company dated 9 May 2023.

The exercise price for the Shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

The vesting period for options shall not be less than 12 months.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. An option may be accepted by a participant within 30 days from the date of the offer for the grant of the option.

Management Discussion and Analysis

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of the grant (subject to acceptance) of the option.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The remaining life of Share Option Scheme is 9 years. For further details, please refer to the announcements of the Company dated 9 May 2023 and 30 May 2023.

As at the date of this report, the total number of the Shares available for issuance upon exercise of all share options granted according to the Share Option Scheme was 55,776,480 Shares (accounting for 9.7% of the issued share capital of the Company as at the date of this report).

As disclosed in the announcement of the Company dated 27 September 2023, amongst others, 5,577,648 share options were granted to Ms. Cheung Ka Yuen, an executive Director. As further disclosed in the announcement of the Company dated 29 November 2023, resolutions have been passed at the extraordinary general meeting on 29 November 2023 to grant 33,465,888 share options to Mr. Yip Siu Lun Dave (an executive Director and Chairman of the Board) and 16,732,944 share options to Mr. Lin Sunming (chief investment officer of the Company), respectively. As such, an aggregate of 55,776,480 share options have been granted under the Share Option Scheme, representing 10% of the total number of Shares in issue as at the adoption date of the Share Option Scheme. The maximum total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme has been reached as of 29 November 2023. No share options granted were subsequently cancelled for the six months ended 30 June 2025.

In the light of the above, it is disclosed herein that (i) the number of options cancelled during the six months ended 30 June 2025 was nil; (ii) the number of options available for grant under the Share Option Scheme at the beginning of the six months ended 30 June 2025 was nil; and (iii) the number of Shares that may be issued in respect of options granted under the Share Option Scheme (following the grant of options as disclosed above and as of 30 June 2024) divided by the weighted average number of Shares of the relevant class in issue for the six months ended 30 June 2025 was 0.1.

Management Discussion and Analysis

The movements of the Company's share option outstanding under the Share Option Scheme during the six months ended 30 June 2025 are as follows:

	Date of Grant	Number of options granted	Exercise period	Exercise price HK\$	Share Price immediately prior to the date of grant (HK\$ per Share)	Fair value of Share Option (HK\$ per Share)	Number of options as at 30 June 2025	Number of options lapsed during the six months ended 30 June 2025
Director								
Mr. Yip Siu Lun Dave	29 November 2023	33,465,888	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44	33,465,888	-
Ms. Cheung Ka Yuen	27 September 2023	5,577,648	5 years from 27 September 2023 to 26 September 2028 (both dates inclusive)	1.09	1.05	0.56	5,577,648	-
Senior Management								
Mr. Lin Sunming	29 November 2023	16,732,944	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44	16,732,944	-

As at the date of this report, there is no outstanding shares available for issue under the Share Option Scheme.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) 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 short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Nature of Interest	Number of Shares	Approximate Percentage of Interest
Lin Ping (note 1)	Interest in controlled corporation	26,556,126	4.62%
Mak Yung Pan Andrew (note 1)	Interest in controlled corporation	26,556,126	4.62%
Name of Director	Nature of Interest	Number of Underlying Shares	Approximate Percentage of Interest
Yip Siu Lun Dave (note 2)	Beneficial owner	33,465,888	5.83%
Cheung Ka Yuen (note 3)	Beneficial owner	5,577,648	0.97%

Notes:

- Golden Diamond Inc. ("**Golden Diamond**") is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew and holds long position in 26,556,126 shares of the Company. Accordingly, each of Ms. Lin Ping and Mr. Mak Yung Pan Andrew is deemed to be interested in the 26,556,126 shares of the Company.
- Following the grant of share options on 27 September 2023 and the approval from shareholder in extraordinary general meeting on 29 November 2023, pursuant to the terms of the Scheme, the number of underlying Shares that Mr. Yip Siu Lun Dave is interested is 33,465,888 underlying Shares.
- Following the grant of share options on 27 September 2023, pursuant to the terms of the Scheme, the number of underlying Shares that Ms. Cheung Ka Yuen is interested is 5,577,648 underlying Shares.
- The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 30 June 2025.

Disclosure of Interests

Save as disclosed above, as at 30 June 2025, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2025, the register maintained under section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' and other persons' interests and short positions, representing 5% or more of the Company's issued share capital, were as follows:

Long Position in Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Interest
China Sun (note 1)	Beneficial owner	122,551,035	21.33%
Central Eagle (note 2)	Beneficial owner	130,897,663	22.78%
Golden Diamond (note 3)	Beneficial owner	26,566,126	4.62%
Noble Wisdom Ever Limited (" Noble Wisdom ") (note 4)	Security interest	326,089,600	56.76%
China Huarong Overseas Investment Holdings Co., Limited (" Huarong Overseas ") (note 5)	Interest of controlled corporation	326,089,600	56.76%

Disclosure of Interests

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Interest
華融華僑資產管理股份有限公司 Huarong Overseas Chinese Assets Management Corporation Limited* ("Huarong Overseas Chinese") (note 6)	Interest of controlled corporation	326,089,600	56.76%
Huarong Zhiyuan Investment & Management Company Limited* ("Huarong Zhiyuan") (note 7)	Interest of controlled corporation	326,089,600	56.76%
China Huarong Asset Management Co., Ltd. ("China Huarong Asset Management") (note 7)	Interest of controlled corporation	326,089,600	56.76%
Chan Ho Yin (note 8)	Joint and several receivers	149,117,161	25.95%
Li Kin Long Kenny (note 8)	Joint and several receivers	149,117,161	25.95%

Disclosure of Interests

Notes:

1. China Sun is wholly-owned by Mr. Qiu Chuanzhi.
2. Central Eagle is 100%-owned by Mr. Wu Jingming.
3. Golden Diamond is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew.
4. Noble Wisdom is wholly-owned by Huarong Overseas.
5. Huarong Overseas is wholly owned by Huarong Overseas Chinese.
6. Huarong Overseas Chinese is 91%-owned by Huarong Zhiyuan.
7. Huarong Zhiyuan is wholly owned by China Huarong Asset Management.
8. Chan Ho Yin and Li Kin Long Kenny have been appointed Joint and Several Receivers over the Charged Assets (as defined in the share charges executed by China Sun Corporation, Central Eagle Limited and Golden Diamond Inc. (as chargors) over shares of the Company in favour of Noble Wisdom Ever Limited (the “**Chargee**”) dated 2 July 2019) on 7 October 2021 pursuant to 3 Deeds of Appointment of Receivers signed by the Chargee dated 7 October 2021.
9. The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the Shares, underlying shares or debentures of the Company which was required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which was required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, which competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the six months ended 30 June 2025 and up to and including the date of this interim report.

CHANGES IN DIRECTORS' INFORMATION

The Directors confirm that there was no change in the information of Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the annual report of the Company for the six months ended 30 June 2025.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2025, all the provisions set out in the CG Code were met by the Company except for the following:

Code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive Directors were unable to attend the annual general meeting of the Company that was held on 19 June 2025 due to personal reasons.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors.

The Company made specific enquiries to all Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions throughout the period from 1 January 2025 to 30 June 2025.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company's securities have been requested to follow such code when dealing in the securities of the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2025.

AUDIT COMMITTEE

The unaudited interim financial report of the Group for the six months ended 30 June 2025 has been reviewed by the audit committee of the Board.

By order of the Board

Yip Siu Lun Dave

Chairman and executive Director

Hong Kong, 29 August 2025

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	5	194,615	160,386
Cost of sales		(95,266)	(71,476)
Gross profit		99,349	88,910
Other revenue and (losses)/gains, net	6(b)	3,232	(4,186)
Distribution costs		(13,350)	(10,971)
Administrative expenses		(56,196)	(47,715)
Interests on lease liabilities		(2,213)	(1,952)
Interest on bank borrowing		(2,128)	(4)
Profit before taxation	6	28,694	24,082
Income tax credit/(expense)	7	2,188	(13,549)
Profit for the period		30,882	10,533
Profit for the period attributable to:			
Equity shareholders of the Company		26,372	10,846
Non-controlling interests		4,510	(313)
Profit for the period		30,882	10,533
Earnings per share attributable to the equity shareholders of the Company (HK cents)	8		
Basic		4.6	1.9
Diluted		4.5	1.8

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Profit for the period	30,882	10,533
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in the Mainland China	5,727	(1,949)
Total comprehensive income for the period	36,609	8,584
Attributable to:		
Equity shareholders of the Company	31,674	9,146
Non-controlling interests	4,935	(562)
Total comprehensive income for the period	36,609	8,584

The notes on pages 32 to 52 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	65,834	50,903
Right-of-use assets		59,018	64,231
Intangible assets		566	680
Investment properties		–	17,174
Prepayments and rental deposit		172,267	164,749
Deferred tax assets		7,376	7,139
		305,061	304,846
Current assets			
Inventories		38,411	36,393
Trade and other receivables	10	130,947	67,048
Amount due from a related party		2,060	1,991
Cash and cash equivalents	11	120,585	141,480
		292,003	246,912
Current liabilities			
Trade and other payables	12	128,933	114,904
Tax payable		26,470	34,814
Bank borrowings	13	27,968	19,082
Lease liabilities		18,284	18,914
		201,655	187,714
Net current assets		90,348	59,198
Total assets less current liabilities		395,409	364,074

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Non-current liabilities			
Bank borrowings	13	94,325	95,409
Lease liabilities		67,140	72,694
Deferred tax liabilities		3,456	3,378
		164,921	171,481
Net assets		230,488	192,593
Capital and reserves			
Share capital	14(b)	5,745	5,745
Reserves		208,081	175,121
Total equity attributable to the equity shareholders of the Company		213,826	180,866
Non-controlling interests		16,662	11,727
Total equity		230,488	192,593

The notes on pages 32 to 52 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve	Statutory reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024	5,578	213,575	11,050	18,324	28,245	(4,057)	(149,337)	123,378	10,081	133,459
Change in equity for the six months ended 30 June 2024:										
Profit/(loss) for the period	-	-	-	-	-	-	10,846	10,846	(313)	10,533
Other comprehensive income	-	-	-	-	-	(1,700)	-	(1,700)	(249)	(1,949)
Total comprehensive income	-	-	-	-	-	(1,700)	10,846	9,146	(562)	8,584
Appropriation to statutory reserve	-	-	-	-	760	-	(760)	-	-	-
Proceeds from placing of new shares, net of expenses	167	19,725	-	-	-	-	-	19,892	-	19,892
Share-based compensation	-	-	5,525	-	-	-	-	5,525	-	5,525
Balance at 30 June 2024	5,745	233,300	16,575	18,324	29,005	(5,757)	(139,251)	157,941	9,519	167,460

The notes on pages 32 to 52 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve	Statutory reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2025	5,745	233,300	21,671	18,324	35,347	(9,382)	(124,139)	180,866	11,727	192,593
Change in equity for the six months ended 30 June 2025:										
Profit for the period	-	-	-	-	-	-	26,372	26,372	4,510	30,882
Other comprehensive income	-	-	-	-	-	5,302	-	5,302	425	5,727
Total comprehensive income	-	-	-	-	-	5,302	26,372	31,674	4,935	36,609
Reverse of statutory reserve	-	-	-	-	(1,500)	-	1,500	-	-	-
Share-based compensation	-	-	1,286	-	-	-	-	1,286	-	1,286
Balance at 30 June 2025	5,745	233,300	22,957	18,324	33,847	(4,080)	(96,267)	213,826	16,662	230,488

The notes on pages 32 to 52 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Operating activities			
Cash generated from operations		8,517	11,022
Tax paid		(7,484)	(203)
Net cash generated from operating activities		1,033	10,819
Investing activities			
Payment for the purchase of property, plant and equipment		(18,010)	(19,206)
Proceeds from disposal of property, plant and equipment		45	565
– Receipts of time deposit with original maturity over 3 months		–	571
Interest received		355	141
Net cash used in investing activities		(17,610)	(17,929)
Financing activities			
Capital element of lease rental paid		(9,086)	(8,020)
Interest element of lease rental paid		(2,213)	(1,952)
– Proceeds from placing of new shares, net of expenses of HK\$354,000		–	19,892
– Proceeds from bank borrowings		21,544	10,953
– Repayment of bank borrowings		(13,465)	–
Interest paid		(2,128)	–
Net cash (used in)/generated from financing activities		(5,348)	20,873
Net (decrease)/increase in cash and cash equivalents		(21,925)	13,763
Cash and cash equivalents at 1 January		141,480	63,332
Effect of foreign exchange rate changes		1,030	(1,118)
Cash and cash equivalents at 30 June	11	120,585	75,977

The notes on pages 32 to 52 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1 GENERAL

Gilston Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to the interim report.

The Company acts as an investment holding company. The Company and its subsidiaries (the “**Group**”) are mainly engaged in the manufacture and sales of zippers business. In September 2023, the Group commenced to provide property management service to Jiajinlong Car City and from December 2024, the Company commenced its leasing and subleasing of Jiajinlong Car City business.

These consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The preparation of the condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated interim financial statements and selected explanatory notes. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Notes to the Unaudited Interim Financial Report

3 MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are required to be adopted in the 2025 annual financial statements. Details of these changes in accounting policies are set out below.

Overview on changes in accounting policies

The HKICPA has issued an amendment to HKFRSs that are first effective or first time adopted and relevant for the current accounting period of the Group:

Amendments to HKAS 21 *Lack of Exchangeability*

The new or amended HKFRSs that are effective from 1 January 2025 did not have any significant impact on the Group's condensed consolidated interim financial statements.

4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business line and geography.

Since September 2023, the Group commenced a new business on provision of property management service in the Mainland China and it is considered as a new operating and reportable segment by the chief operating decision maker ("**CODM**"). As such, the Group reorganised its internal reporting structure which resulted in an additional reportable segment i.e. provision of property management services. Information reported to the Group's senior executive management, being the CODM, for the purposes of resource allocation and assessment, focuses on revenue from these two operating segments for the period ended 30 June 2024.

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

In December 2024, the Company acquired 90% equity interest in 深圳市嘉進隆實業發展有限公司 (Shenzhen Jiajinlong Industrial Development Co., Ltd., “**Shenzhen Jiajinlong**”) which is mainly engaged in the leasing and subleasing of Jiajinlong Car City business and thus, subsequent to the completion of the acquisition of Shenzhen Jiajinlong, information reported to the CODM, for the purposes of resource allocation and assessment, focuses on revenue from the following operating segments:

- Manufacture and Sales of Zippers; and
- Property Investment and Provision of Property Management Services.

The accounting policies of the operating segments are the same as the Group’s accounting policies.

Management assesses the performance of the operating segments based on the measure of segment results which represents revenue less cost of sales and services, distribution expenses and administrative expenses directly attributable to each operating segment. Central administrative costs are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the chief operating decision-makers for assessment of segment performance.

Segment assets include all assets with the exception of corporate assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis. Likewise, segment liabilities exclude deferred tax liabilities and corporate liabilities which are not directly attributable to the business activities of operating segments and not allocated to segments.

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

a. Business segments

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2025 and 2024 is set out below:

	Manufacture and sales of zippers HK\$'000	Property Investment and Provision of Property Management services HK\$'000	Total HK\$'000
For the period ended 30 June 2025			
Reportable segment revenue	129,011	65,604	194,615
Reportable segment profit	11,137	29,733	40,870
Depreciation for the period	9,680	20,279	29,959
Loss on disposal of property, plant and equipment	15	–	15
Amortisation for the period	136	–	136
Reportable segment assets at period end	286,912	289,063	575,975
Additions to non-current segment assets during the period	19,552	447	19,999
Reportable segment liabilities at period end	197,206	137,553	334,759

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

a. Business segments (Continued)

	Manufacture and sales of zippers HK\$'000	Provision of property management services HK\$'000	Total HK\$'000
For the period ended 30 June 2024			
Reportable segment revenue	115,115	45,271	160,386
Reportable segment profit	4,189	43,551	47,740
Depreciation for the period	10,360	551	10,911
Loss on disposal of property, plant and equipment	5,783	–	5,783
Amortisation for the period	173	–	173
Reportable segment assets at period end	220,785	81,573	302,358
Additions to non-current segment assets during the period	24,332	1,829	26,161
Reportable segment liabilities at period end	145,998	9,458	155,456

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

b. Reconciliations of reportable segment revenue, profit or loss and assets

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Revenue		
Reportable segment revenue	194,615	160,386
Elimination of inter-segment revenue	–	–
Consolidated revenue (note 5)	194,615	160,386
Profit before income tax		
Reportable segment profit derived from the Group's external customers	40,870	47,740
Other revenue and (losses)/gains, net	3,232	(4,186)
Interests on lease liabilities	(2,214)	(1,952)
Loan interest expenses	(2,128)	(4)
Share-based payments	(1,286)	(5,525)
Unallocated head office and corporate expenses (note)	(9,780)	(11,991)
Consolidated profit before income tax	28,694	24,082

Note: Unallocated head office and corporate expenses mainly represented depreciation of right-of-use assets in relation to an office premises, auditors' remuneration and legal and professional fees.

Notes to the Unaudited Interim Financial Report

5 REVENUE

The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
<i>Sales of goods</i>		
Finished zippers and sliders	125,199	112,753
Others	3,812	2,362
	129,011	115,115
<i>Services income</i>		
Property management fee income	65,604	45,271
	194,615	160,386

The Group derives revenue from the sales of goods at a point in time while the property management fee income is recognized over time.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

a. Staff costs

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Salaries, wages and other benefits	51,370	54,199
Contributions to defined contribution retirement plans	9,112	4,976
Share-based compensation	1,286	5,525
	61,768	64,700

Notes to the Unaudited Interim Financial Report

6 PROFIT BEFORE TAXATION (CONTINUED)

b. Other revenue and (losses)/gains, net

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Interest income	355	141
Losses on disposal of property, plant and equipment	(27)	(5,783)
Government grants (Note)	183	158
Net foreign exchange gains	1,480	991
Others	1,241	307
	3,232	(4,186)

Note: For the periods ended 30 June 2025 and 2024, government grants granted to certain subsidiaries were mainly VAT tax incentives to enterprises recruiting key groups for employment which include handicapped people or people classified as poverty group in China. There were no unfulfilled conditions to receive the grants.

c. Other items

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Depreciation and amortisation		
– plant and equipment	6,225	6,012
– intangible assets	136	173
– right-of-use assets	7,198	5,895
– investment properties	17,451	–
	31,010	12,080
Provision for impairment losses on inventories	195	1,980
Cost of services provided	20,223	1,168
Cost of inventories	75,043	70,309

Notes to the Unaudited Interim Financial Report

7 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Current tax – PRC corporate income tax	(2,188)	13,699
Deferred taxation	–	(150)
	(2,188)	13,549

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI. Under the two tiered profits tax rates regime, KEE Zippers Corporation Limited (“KEE Zippers”) is subject to Hong Kong Profits Tax at 8.25% for the first HK\$2 million of profit whilst the remaining profit is taxed at 16.5%.
- (b) 開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited) (“KEE Guangdong”) was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2025. Except for KEE Guangdong, the statutory income tax rate applicable to the Company’s other subsidiaries in Mainland China was 25%.
- (c) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 30 June 2025, deferred tax liability recognised in this regard was HK\$1,124,000 (31 December 2024: HK\$1,124,000).

Notes to the Unaudited Interim Financial Report

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025. Diluted earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares in issue during the six months ended 30 June 2025. The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	26,372	10,846
	For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	574,497,800	572,842,888
Effect of dilutive potential ordinary shares on share options	6,633,384	15,513,355
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	581,131,184	588,356,243

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and machinery (including payments for construction in progress) with a cost of approximately HK\$19,999,000 (six months ended 30 June 2024: approximately HK\$22,643,000).

Notes to the Unaudited Interim Financial Report

10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Within 1 month	46,168	24,060
Over 1 month but within 2 months	31,074	20,174
Over 2 months but within 3 months	12,161	8,902
Over 3 months	9,707	9,970
Trade debtors and bills receivable, net of loss allowance	99,110	63,106
Contract receivables balances	99,110	63,106
Prepayments relating to:		
– Property, plant and equipment	3,021	1,852
– Investment properties	164,520	159,015
– Other prepayments	30,625	3,106
	198,166	163,973
Rental deposits		
– Non-current portion	3,989	3,882
	3,989	3,882
Others	1,949	836
	303,214	231,797
Analysed as:		
– Current	130,947	67,048
– Non-current	172,267	164,749
	303,214	231,797

The Group recognised impairment loss based on the same accounting policies adopted in the 2024 annual financial statements.

Notes to the Unaudited Interim Financial Report

11 CASH AND CASH EQUIVALENTS

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Cash at bank and in hand	120,585	141,480
Cash and cash equivalents in the condensed consolidated statement of cash flows	120,585	141,480

12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Within 1 month	6,166	4,409
Over 1 month but within 3 months	9,788	6,414
Over 3 months but within 6 months	1,969	697
Over 6 months	828	1,349
Trade creditors	18,751	12,869
Payroll and staff benefits payable	32,438	33,392
Accrued expenses	19,958	20,613
Payables for purchase of property, plant and equipment	19,010	3,010
Other tax payables	3,450	8,434
Contract liabilities	1,123	986
Other payables	31,396	2,180
Deposit received	–	31,916
Receipt in advance under HKFRS 16	2,807	1,504
	128,933	114,904

Notes to the Unaudited Interim Financial Report

13 BANK BORROWINGS

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Bank borrowings	122,293	114,491
The carrying amounts of the borrowings are repayable:		
Within one year	27,968	19,082
Within a period of more than one year but not exceeding two years	8,774	8,481
Within a period of more than two years but not exceeding five years	29,614	26,502
Within a period of more than five years	55,937	60,426
	122,293	114,491
Less: Amount due within one year shown under current liabilities	(27,968)	(19,082)
Amount due after one year shown under non-current liabilities	94,325	95,409

The bank borrowings are classified as financial liabilities at amortised cost. Included in the balance amounting to HK\$19,194,000 (31 December 2024: HK\$10,601,000) is unsecured and carries fixed interest from 2.75% to 3.50%. The remaining balance are individual guaranteed by the directors of the subsidiary and related parties of the directors of the subsidiaries and secured by properties owned by the related parties of the directors of the subsidiaries and carries variable interest rate at Loan Prime rate plus 5%. All are denominated in RMB.

Notes to the Unaudited Interim Financial Report

14 CAPITAL, RESERVES AND DIVIDENDS

a. Dividends

No interim dividend was declared in respect of the periods ended 30 June 2025.

b. Share capital

Authorised and issued share capital

	At 30 June 2025		At 31 December 2024	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Authorised: Ordinary shares of HK\$0.01 each	20,000	2,000,000	20,000	2,000,000
Ordinary shares, issued and fully paid:	574,498	5,745	574,498	5,745

15 COMMITMENTS

Capital commitments outstanding at 30 June 2025 and 31 December 2024 not provided were as follows:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statement	25,121	36,708

Notes to the Unaudited Interim Financial Report

16 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed in other parts of these condensed consolidated interim financial statements, the Group entered into the following material related party transactions:

a. Transactions

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties:

Relationships	Nature of transactions	Six months ended 30 June	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Subsidiaries controlled by non-controlling interest ("NCI")	Lease interest	2,123	1,830
	Additions (lease liabilities)	–	1,233
	Additions (right-of-use assets)	–	1,233
	Short term lease	–	3,675
Company controlled by the immediate family member of director of the Company	Lease interest	9	23

b. Balances

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant balances with related parties:

Relationships	Nature of transactions	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Subsidiaries controlled by NCI	Rental deposit	5,188	5,014
	Lease liabilities	82,606	85,677
Company controlled by the immediate family member of director of the Company	Rental deposit	197	191
	Lease liabilities	533	1,032

Notes to the Unaudited Interim Financial Report

16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

c. Key management personal compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Short-term employee benefits	9,527	6,463
Retirement scheme contribution	60	46
Share-based compensation	1,286	5,525
	10,873	12,034

Total remuneration is included in "staff costs" (note 6(a)).

17 EVENTS AFTER THE END OF THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 30 June 2025, the application procedure for the renewal of the right to use the Land (as defined in circular of the Company dated 25 November 2024) (the "**Circular**") is still under way and the Group is actively working with the relevant parties including the Lessees with a view to obtaining the approval for the renewal of the right to use the Land for a period of 20 years. The Company was informed by the Lessees (as defined in the Circular) that two supplemental agreements for the Land Entrustment Agreement (as defined in the Circular) were signed between the Lessees and 深圳市南頭街道辦事處, the current competent authority for the management of the right to use the Land, pursuant to which the Lessees is granted a transition period for the right to use the Land until 15 July 2028, and if the formal procedures for renewal of the right to use the Land is not completed by then, such transition period will unconditionally extend to 15 July 2030. On 29 August 2025, a second supplemental entrustment agreement was entered between Shenzhen Daxin, Shenzhen Nantoucheng, Shenzhen Tianxia and Shenzhen Anle 13 (as defined in circular of the Company dated 25 November 2024) as Lessees and Shenzhen Jiajinlong Industrial Development Co., Ltd. (深圳市嘉進隆實業發展有限公司) (i.e. the Target Company (as defined in the Circular) ("**Shenzhen Jiajinlong**") and Shenzhen Anle Liandui (the "**Second Supplemental Entrustment Agreement**"), pursuant to which, amongst others, that the operation of the Jiajinlong Car City will be extended to 15 July 2030. However, such extension may be affected by the renewal of the right to use the Land. The renewal of the right to use of the Land is in progress and the Group is actively assisting the Lessees for such renewal. For further details of the Second Supplemental Entrustment Agreement, please refer to the announcement of the Company dated 29 August 2025.

18 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the shareholders' resolutions passed on 30 May 2023, the Company adopted a new share option scheme ("**Scheme**"). The purposes of the Scheme is to reward the participants who have contributed or will contribute to the Group and to encourage the participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The grant of share options is to provide incentives, rewards, remunerations and/or benefits (i) in retaining the grantees for continuous operation and development of the Group; and (ii) for his persistent devotions and leadership by further aligning the interests of the Group with his, thereby enhancing the value for the shareholders in the long term.

The Scheme shall be valid and effective for a period of ten years commencing on the adoption date of 30 May 2023, after which period, no further share options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Share options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.

Notes to the Unaudited Interim Financial Report

18 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

On 27 September 2023, an aggregate of 55,776,480 share options were granted pursuant to the Scheme, of which, 33,465,888 share options were conditionally granted to Mr. Yip, 5,577,648 share options were granted to Ms. Cheung and 16,732,944 share options were conditionally granted to Mr. Lin. Each share option shall entitle the grantees to subscribe for one share of the Company. There will be no more shares available for future grant under the current scheme mandate of the Scheme. The conditional grant was subsequently approved by the shareholders of the Company on 29 November 2023. Details of the share options granted are as follows:

	Exercise period	Exercise price per share	Number of options granted
Executive director			
Mr. Yip Siu Lun Dave ("Mr. Yip")	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	HK\$1.09	33,465,888
Ms. Cheung Ka Yuen ("Ms. Cheung")	5 years from 27 September 2023 to 26 September 2028 (both dates inclusive)	HK\$1.09	5,577,648
Senior management			
Mr. Lin Sunming ("Mr. Lin")	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	HK\$1.09	16,732,944
Total			55,776,480

Vesting period and exercise period of share options:

Subject to the fulfillment of the performance target as set out below, the share options shall be vested and exercised during the following periods:

Notes to the Unaudited Interim Financial Report

18 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

Number of share options (Collectively "Options I")		
Name of grantee		Vesting and exercise period
Mr. Yip	11,155,296	Options I will be vested and exercisable from the expiry of 12 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin).
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	
If the Performance Target 2023 (as defined below) is not met on or before 30 April 2024, Options I (together with Options II (as defined below)) will be vested and exercisable after 30 April 2025 on the condition that the Performance Target 2024 (as defined below) is met.		

Name of grantee	Number of share options (Collectively "Options II")	Vesting and exercise period
Mr. Yip	11,155,296	Options II will be vested and exercisable from the expiry of 24 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin).
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	
If the Performance Target 2024 is not met on or before 30 April 2025, Options II (together with Options I, if not vested) will be vested and exercisable after 30 April 2026 on the condition that the Performance Target 2025 (as defined below) is met.		

Notes to the Unaudited Interim Financial Report

18 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

Name of grantee	Number of share options (Collectively "Options III")	Vesting and exercise period
Mr. Yip	11,155,296	Options III will be vested and exercisable from the expiry of 36 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin).
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	
If the Performance Target 2025 (as defined below) is met on or before 30 April 2026, Options III (together with Options I and Options II, if not vested) will be vested and exercisable after 30 April 2026. However, if the 2025 Performance Target is not met on or before 30 April 2026, Options III (together with the Options I and Options II, if not vested) will automatically lapse.		

Performance target:

The vesting and exercise of the share options shall be subject to the following performance target:

Performance period	Performance target
For the financial year ending 31 December 2023	Net Profit shall not be lower than HK\$15,000,000* (" Performance Target 2023 ")
For the financial year ending 31 December 2024	Net Profit shall not be lower than HK\$22,500,000* (" Performance Target 2024 ")
For the financial year ending 31 December 2025	Net Profit shall not be lower than HK\$30,000,000* (" Performance Target 2025 ")

* Before recognition of share-based payments

19 CONTINGENT LIABILITIES

At the end of the reporting period, there were two allegedly infringing product claims being lodged against two subsidiaries of the Group claiming (i) in one of the action, an immediate cessation of the production of an allegedly infringing product, destruction of all existing inventory of such product, compensation for economic losses amounting to RMB1,000,000, reasonable expenses of RMB200,000, and reimbursement of all litigation costs; and (ii) in another action, an immediate cessation of the production of an allegedly infringing product, destruction of all existing inventory of such product, compensation for economic losses and reasonable expenses totalling RMB1,000,000, and reimbursement of all litigation costs.

Other than the disclosure of above, as at the end of the reporting period, the Group was not involved any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2025, the Group was the defendant of certain nonmaterial litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

Glossary

In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	means	the board of Directors
“CG Code”	means	code on corporate governance practices as set out in Appendix C1 to the Listing Rules
“Company”	means	Gilston Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010 and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	means	the director(s) of the Company
“Group”	means	the Company and its subsidiaries
“HK\$” and “HK cents”	means	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Model Code”	means	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“OEM”	means	original equipment manufacturer or manufacturing
“PRC” or “China” or “Mainland China”	means	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means	Renminbi, the lawful currency of the PRC

Glossary

“SFO”	means	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	means	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means	holder(s) of issued Share(s)
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited

* *The English translation or transliteration of the Chinese name(s), where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).*