



GILSTON GROUP LIMITED

進騰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

ANNUAL 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  
Ms. Cheung Ka Yuen

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Mr. Chan Kam Fuk (*resigned on 1 December 2025 and appointed on 23 January 2026*)  
Ms. Yu Sin Ting (*appointed on 1 December 2025 and resigned on 23 January 2026*)

## 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

## HONG KONG SHARE REGISTRAR

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

## AUDITOR

ZSZH (HK) Fuson 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>

# Financial Summary

## FIVE-YEAR FINANCIAL HIGHLIGHTS

For the year ended 31 December	2025	2024	2023	2022	2021
<b>Operating Results</b>					
Gross profit margin (%)	54.5	52.6	41.5	32.3	30.0
Operating profit or loss margin (%)	13.9	20.2	-25.3	2.0	-5.5
Net loss or profit margin (%) (note 1)	6.2	9.7	-25.9	-0.9	-7.3
Return on equity (%)	11.1	17.9	-56.0	-1.0	-12.4
<b>Financial Position</b>					
Total assets (HK\$'000)	607,286	551,788	278,103	305,712	275,779
Cash and cash equivalents (HK\$'000)	92,316	141,480	63,332	105,266	59,870
Total equity attributable to equity shareholders of the Company (HK\$'000)	215,160	180,866	123,378	184,913	141,668
<b>Financial Ratios</b>					
Current ratio (times)	1.1	1.3	2.2	2.4	1.9
Quick ratio (times)	1.0	1.1	1.9	1.9	1.5
Liability to asset ratio (%) (note 2)	64.3	65.1	52.0	32.5	40.3
<b>Turnover Ratios</b>					
Inventory turnover (days)	56	72	71	81	62
Debtors turnover (days)	75	97	100	73	70

Notes:

- (1) Net loss or profit represents loss or profit attributable to equity shareholders of the Company.
- (2) Liability to asset ratio is calculated as the Group's total liabilities over total assets as shown in the consolidated statement of financial position.

# Financial Summary

The following is a summary of the consolidated statement of profit or loss and the consolidated statement of financial position of the Group:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	383,101	333,376	266,548	215,578	239,717
Cost of sales and cost of services	(174,180)	(157,867)	(156,008)	(145,868)	(167,804)
<b>Gross Profit</b>	<b>208,921</b>	175,509	110,540	69,710	71,913
Other revenue and (losses)/gains, net	5,376	16,134	(4,465)	14,906	(3,487)
Distribution costs	(30,844)	(23,500)	(23,168)	(13,042)	(17,404)
Administrative expenses	(129,327)	(101,077)	(93,741)	(67,354)	(64,144)
(Impairment losses)/ reversal of impairment losses on					
– trade receivables and bills receivable	(789)	371	(360)	175	8
– property, plant and equipment	–	–	(25,512)	–	(108)
– right-of-use assets	–	–	(28,527)	–	–
– intangible assets	–	–	(491)	–	–
– prepayments for property, plant and equipment	–	–	(1,654)	–	–
Share of loss of a jointly controlled entity	–	–	–	–	–
<b>(Loss)/profit from operations</b>	<b>53,337</b>	67,437	(67,378)	4,395	(13,222)
Finance costs	(8,493)	(3,752)	(3,224)	(3,851)	(3,720)
<b>(Loss)/profit before taxation</b>	<b>44,844</b>	63,685	(70,602)	544	(16,942)
Income tax credit/(expense)	(14,579)	(30,781)	(9,267)	114	31
<b>(Loss)/profit for the year</b>	<b>30,265</b>	32,904	(79,869)	658	(16,911)
Attributable to:					
Equity shareholders of the Company	23,814	32,300	(69,043)	(1,888)	(17,503)
Non-controlling interests	6,451	604	(10,826)	2,546	592

# Financial Summary

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>	<b>320,696</b>	304,876	83,360	123,166	133,109
Property, plant and equipment	<b>31,824</b>	50,903	32,941	73,753	81,931
Investment in a jointly controlled entity	–	–	–	–	–
Investment properties	–	17,174	–	–	–
Intangible assets	<b>538</b>	680	614	1,272	349
Prepayments for property, plant and equipment	<b>254,119</b>	160,867	2,067	–	48
Rental deposits	<b>84</b>	3,882	3,357	5,382	1,468
Right-of-use assets	<b>30,925</b>	64,231	39,859	37,068	43,245
Deferred tax assets	<b>3,206</b>	7,139	4,522	5,691	6,068
<b>Current assets</b>	<b>286,590</b>	246,912	194,743	182,546	142,670
Inventories	<b>9,936</b>	36,393	27,090	33,527	30,827
Amount due from a jointly controlled entity	–	–	–	–	–
Amount due from a related party	<b>2,093</b>	1,991	–	–	–
Trade and other receivables	<b>54,013</b>	67,048	103,750	43,753	51,862
Current tax recoverable	–	–	–	–	111
Time deposit with maturity over 3 months	–	–	571	–	–
Cash and cash equivalents	<b>92,316</b>	141,480	63,332	105,266	59,870
Assets classified as held for sale	<b>128,232</b>	–	–	–	–
<b>Total assets</b>	<b>607,286</b>	551,788	278,103	305,712	275,779

# Financial Summary

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Current liabilities</b>	<b>272,671</b>	187,714	87,067	77,512	76,026
Trade and other payables	<b>111,245</b>	114,904	63,320	47,577	57,356
Tax payable	<b>45,634</b>	34,814	8,191	115	–
Bank borrowings	<b>8,915</b>	19,082	–	–	–
Lease liabilities	<b>5,867</b>	18,914	15,556	22,427	16,432
Amount due to a related party	–	–	–	7,393	2,238
Amount due to a director	<b>10,000</b>	–	–	–	–
Liabilities directly associated with assets classified as held for sale	<b>91,010</b>	–	–	–	–
<b>Net current assets</b>	<b>13,919</b>	59,198	107,676	105,034	66,644
<b>Total assets less current liabilities</b>	<b>334,615</b>	364,074	191,036	228,200	199,753
<b>Non-current liabilities</b>	<b>117,879</b>	171,481	57,577	21,785	34,987
Bank borrowings	<b>91,381</b>	95,409	–	–	–
Lease liabilities	<b>25,374</b>	72,694	56,453	20,661	33,863
Deferred tax liabilities	<b>1,124</b>	3,378	1,124	1,124	1,124
<b>Net assets</b>	<b>216,736</b>	192,593	133,459	206,415	164,766
<b>Capital and reserves</b>	<b>215,160</b>	180,866	123,378	184,913	141,668
Share capital	<b>5,745</b>	5,745	5,578	5,578	4,648
Reserves	<b>209,415</b>	175,121	117,800	179,335	137,020
<b>Total equity attributable to equity shareholders of the Company</b>	<b>215,160</b>	180,866	123,378	184,913	141,668
Non-controlling interests	<b>1,576</b>	11,727	10,081	21,502	23,098
<b>Total equity</b>	<b>216,736</b>	192,593	133,459	206,415	164,766

# Chairman's Report

On behalf of the board (the “**Board**”) of directors of Gilston Group Limited (“**the Company**”) and its subsidiaries (collectively “**the Group**”), I am pleased to present the annual report for the financial year ended 31 December 2025.

Reflecting on the year 2025, we have witnessed a notable divergence in the global economy and a deceleration in consumer spending, impeding the pace of economic revival. Throughout the year, the Group has faced various challenges from geopolitical tensions, monetary policy fluctuations and persistent high interest rates. These multi-faceted factors have very significantly impacted the business landscape, demanding a strategic response needed to address this unpredictability. In these challenging economic conditions, the Group has adopted a cautious approach, continuously reviewing and adapting business strategies to align with the prevailing global economic trends. During the financial year ended 31 December 2025, the Group recorded revenue amounting to approximately HK\$383,101,000, representing an increase of approximately 14.9% as compared to the corresponding year in 2024 (HK\$333,376,000). The zipper business recorded revenue amounting to approximately HK\$256,919,000, representing an increase of approximately 8.0% as compared to the corresponding year in 2024 (HK\$237,875,000).

Starting from 1 January 2025, Jiajinlong became a subsidiary of the Group through completion of share subscription. The Group began directly operating Jiajinlong Car City and manage land and properties located in Nanshan District, Shenzhen, Guangdong Province, China. The property currently operates as an auto city with showrooms providing car sales, maintenance, and after-sales services. The Group recorded revenue from property management amounting to approximately HK\$126,182,000, representing an increase of approximately 32.1% as compared to the corresponding year in 2024 (HK\$95,501,000). The increase in revenue was primarily due to a full recognition of revenue from directly operating of Jiajinlong Car City during the year instead of provision of management services and sharing the revenue through the management agreement in year 2024.

The operating period of the Car City has also been extended to 15 July 2030. The Group is currently working towards obtaining approval for the 20-year renewal of the land use rights, actively upgrading and improving the facilities and environment of the Car City, considering, where appropriate, the introduction of elements such as new energy development, culture, entertainment and tourism, and enhancing its social responsibility while developing its business, seeking sustainable development and positive returns for shareholders of the Company.

As the Group looks ahead to 2026, we recognize that the world's economic development remains vulnerable and unpredictable towards geopolitical tensions, monetary policies, high interest rates, and various other factors. These uncertainties will continue to pose challenges for economic recovery. In response, the Group is committed to an adaptive approach. By diligently reviewing, responding to, and adjusting its operational policies and strategies for the zipper business, the Group has taken effective cost control measures to ensure the business remains resilient and adaptable from the impact of the production base relocation. With the inclusion of the property management business, we anticipate that this new venture will bring in fresh momentum and contribute to a more stable cash flow for the Group. This will help in the overall diversification of its operations and strengthen our business model, providing a more secure foundation for future growth.

To conclude, I would like to take this opportunity to extend my sincere appreciation to the management and staff of the Group for their unwavering efforts and dedication. I would also like to express gratitude to our shareholders, customers, suppliers, partner banks, and other professional institutions for their support during these challenging times. Together, we will seize opportunities to drive our continued growth for the future.

*Chairman*

**Yip Siu Lun, Dave**

Hong Kong, 31 March 2026

# Management Discussion and Analysis

## OVERVIEW

The Group continued to operate the property management services during the year ended 31 December 2025. On 31 December 2024, the Company completed the share subscription agreement and Shenzhen Jiajinlong Industrial Development Co., Ltd (“**Jiajinlong**”) became the subsidiary of the Group. Upon the completion, the management agreement was terminated and the Group operates the Jiajinlong Car City directly through Jiajinlong. The Jiajinlong Car City is a modern complex that brings together car showrooms, service centres and related automotive facilities, creating a one-step destination for vehicles sales, maintenance and customer care located at Nanshan District of Shenzhen.

The Group continued to operate the zipper business during the year ended 31 December 2025. The customers in 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.

## FINANCIAL HIGHLIGHTS

The Group’s revenue for the year ended 31 December 2025, comprised revenue from property management services and zipper business, increased to HK\$383.10 million as compared with approximately HK\$333.38 million for the year ended 31 December 2024.

Profit before taxation for the year ended 31 December 2025 was approximately HK\$44.84 million (2024: Profit before taxation HK\$63.69 million), representing a decrease of approximately HK\$18.85 million as compared to prior year. The decrease was mainly attributable to, amongst others: (1) increase in overall cost of operations, (2) during the year ended 31 December 2024, the Group received a one-off relocation compensation of HK\$13.9 million and (3) finance costs increased by approximately HK\$4.7 million compared to the prior year due to full year effect of bank borrowings.

## REVENUE

For the year ended 31 December 2025, the Group recorded revenue amounting to approximately HK\$383.10 million, representing an increase of approximately 14.9% as compared to the previous year. The increase in revenue was primarily due to a full recognition of revenue from operation of Jiajinlong Car City during the year instead of provision of management services and sharing the revenue through the management agreement in year 2024.

The following table sets forth the details of the Group’s total revenue by type for the years indicated:

	2025		2024	
	HK\$ million	%	HK\$ million	%
Zipper business	<b>256.92</b>	<b>67.0</b>	237.88	71.4
Rental income	<b>112.18</b>	<b>29.3</b>	–	–
Property management business	<b>14.00</b>	<b>3.7</b>	95.50	28.6
<b>Total revenue</b>	<b>383.10</b>	<b>100.0</b>	333.38	100.0

# Management Discussion and Analysis

## Zipper Business

For the year ended 31 December 2025, the Group revenue from manufacture and sales of zippers amounted to approximately HK\$256.92 million, representing an increase of approximately 8.0% as compared to the previous year.

The following tables analysis the revenue from zipper business indicated by product category and geographic location, respectively:

Revenue analysis by product category:

	2025		2024	
	HK\$ million	%	HK\$ million	%
<i>Sales of goods</i>				
Finished zippers and sliders	<b>252.90</b>	<b>98.4</b>	235.83	99.1
Others	<b>4.02</b>	<b>1.6</b>	2.05	0.9
<b>Total revenue</b>	<b>256.92</b>	<b>100.0</b>	237.88	100.0

Revenue analysis by geographic location:

	2025		2024	
	HK\$ million	%	HK\$ million	%
Mainland China	<b>244.64</b>	<b>95.2</b>	224.38	94.3
Overseas	<b>12.28</b>	<b>4.8</b>	13.5	5.7
<b>Total revenue</b>	<b>256.92</b>	<b>100.0</b>	237.88	100.0

### **Finished Zippers and Sliders**

Revenue from sales of finished zippers and sliders increase by approximately HK\$17.07 million or 7.2% to approximately HK\$252.90 million for the year ended 31 December 2025 (2024: approximately HK\$235.83 million). The increase was primarily due to growth in consumer demand.

The Group's revenue was mainly derived from sales in Mainland China. Other countries or regions to which the Group sold its products for the year ended 31 December 2025 include but not limited to Hong Kong, Switzerland, Italy, India, Indonesia, Bangladesh, Germany, Korea, Vietnam, Tunisia and Jordan.

### **Others**

Others represent items such as scrap material and zipper components. Revenue of other items increased by approximately HK\$1.97 million to approximately HK\$4.02 million for the year ended 31 December 2025 (2024: approximately HK\$2.05 million).

# Management Discussion and Analysis

## Property Investment and Management Business

On 31 December 2024, the Company completed the share subscription agreement and Jiajinlong became the subsidiary of the Group. Upon the completion, the management agreement was terminated and the Group operates the Jiajinlong Car City directly through Jiajinlong. Revenue from property investment and management business increased by approximately HK\$30.68 million or 32.1% to approximately HK\$126.18 million for the year ended 31 December 2025 (2024: approximately HK\$95.50 million). The increase in revenue was primarily due to a full recognition of revenue from operation of Jiajinlong Car City during the year instead of provision of management services and sharing the revenue through the management agreement in year 2024.

## COST OF SALES AND GROSS PROFIT

In 2025, the overall cost of sales of the Group amounted to approximately HK\$174.18 million (2024: approximately HK\$157.87 million), representing an increase of approximately 10.3%. The overall gross profit of the Group increased by approximately 19.03% from approximately HK\$175.51 million for the year ended 31 December 2024 to approximately HK\$208.92 million for the year ended 31 December 2025. In 2025, the overall gross profit margin increased from approximately 52.6% for 2024 to 54.5% for 2025. The increase in gross profit was primarily due to the expansion of new property management services income which has relatively higher profit margin. The gross profit margin for rental and property management services is primarily affected by its rates charges for leased areas and management services and cost control capabilities. The gross profit for manufacture and sales of zippers amounting to approximately HK\$106.86 million, representing an increase of approximately 31.9% as compared to the previous year.

## DISTRIBUTION COSTS

Distribution costs mainly represent (i) staff costs relating to sales and marketing personnel; (ii) transportation costs for delivery of the Group's products; and (iii) advertising and marketing expenses. For the year ended 31 December 2025, the Group's distribution costs amounted to approximately HK\$30.84 million (2024: approximately HK\$23.50 million), accounting for approximately 8.1% of the Group's revenue (2024: approximately 7.0%). The increase in distribution costs was in line with the increasing in turnover.

## ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) professional fees and auditors' remuneration; and (iii) other administrative expenses including depreciation and amortisation. In 2025, the Group's administrative expenses amounted to approximately HK\$129.33 million (2024: approximately HK\$101.08 million), which accounted for approximately 33.8% of the Group's revenue (2024: approximately 30.3%). The increase in administrative expenses was mainly due to the increase in overall costs in relation to the operation of property investment and management business.

# Management Discussion and Analysis

## INCOME TAX EXPENSES

Income tax expense for the year ended 31 December 2025 and 2024 mainly represents Enterprise Income Tax payable for property investment and management service business.

## PROFITABILITY

In 2025, the Group's profit attributable to equity shareholders of the Company amounted to approximately HK\$23.81 million (2024: profit attributable to equity shareholders of the Company was approximately HK\$32.30 million), representing a decrease of approximately 26.3% as compared to 2024. The margin of profit attributable to the equity shareholders of the Company for the year was approximately 6.2% (2024: margin of profit attributable to equity shareholders of the Company was approximately 9.7%).

During the year ended 31 December 2025, the Group's return on equity attributable to the equity shareholders of the Company was approximately 11.1% (2024: approximately 17.9%).

## INVENTORIES

Inventories are one of the principal components of the Group's current assets of zipper business. The carrying value of inventories accounted for approximately 14.7% and 6.3% of the Group's total current assets as at 31 December 2024 and 2025 respectively.

Inventories decreased by approximately 72.7% from approximately HK\$36.39 million as at 31 December 2024 to approximately HK\$9.94 million as at 31 December 2025. The decrease in inventories was due to the Group's inventory policy to optimize the level of materials to meet the production requirements.

The average inventory turnover days for 2025 and 2024 were approximately 56 days and 72 days respectively.

## TRADE DEBTORS

As at 31 December 2025, the allowance for impairment was approximately HK\$1.85 million (31 December 2024: approximately HK\$1.04 million), accounting for approximately 3.9% of the Group's total trade debtors (2024: approximately 1.6%).

From the zipper segment, the Group's trade debtors (net) decreased by around 24.8% from approximately HK\$60.60 million of last year to approximately HK\$45.55 million as at 31 December 2025.

The average trade debtors turnover days of zipper business for 2025 and 2024 were approximately 75 days and 97 days respectively.

# Management Discussion and Analysis

## OTHER RECEIVABLES

Other receivables mainly represent rental deposits of certain factories and office premises with remaining lease terms of less than one year. The increase in balance of other receivables by approximately HK\$4.21 million, representing an increase of approximately 106.9% from approximately HK\$3.94 million in 2024 to approximately HK\$8.15 million in 2025.

## ASSETS HELD FOR SALE

On 19 December 2025, KEE (Guangdong) Garment Accessories Limited (“**KEE Guangdong**”, a limited liability company established in the PRC and an indirect 85%-owned subsidiary of the Company), as the vendor, the Purchaser (as defined below), and KEE (Hubei) Zippers Manufacturing Company Limited (“**KEE Hubei**”, a limited liability company established in the PRC and a wholly-owned subsidiary of KEE Guangdong) as the target company entered into the conditional Equity Transfer Agreement (as defined below) pursuant to which KEE Guangdong agreed to sell, and the Purchaser agreed to acquire, the entire equity interests in KEE Hubei at the consideration of RMB40,000,000 (equivalent to approximately HK\$44,000,000). Consideration of RMB4,000,000 was received in advance before year ended.

KEE Hubei engaged in manufacturing and trading of zipper and related accessories in PRC. The Directors of the Company concluded that the assets and liabilities of KEE Hubei should be classified as held-for-sale as at 31 December 2025 in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations on the basis that the disposal was expected to be completed in early 2026.

## TRADE CREDITORS

The Group’s trade creditors primarily relate to suppliers of the Group’s purchases of raw materials with main credit terms of approximately 7 to 60 days.

The Group’s trade creditors decreased by 72.5% from approximately HK\$12.87 million as at 31 December 2024 to approximately HK\$3.55 million as at 31 December 2025. The average trade creditors turnover days for 2025 and 2024 were approximately 17 days and 29 days respectively.

## OTHER PAYABLES

Other payables mainly represent (i) payroll and staff benefits payable; (ii) payables for purchase of property, plant and equipment; (iii) accrued expenses; and (iv) deposit from tenants. The balance of other payables increased by approximately 5.6% to approximately HK\$107.70 million as at 31 December 2025 (2024: approximately HK\$102.04 million).

## RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2025, the lease liabilities and right-of-use assets amounted to approximately HK\$31.24 million (2024: approximately HK\$91.61 million) and approximately HK\$30.93 million (2024: approximately HK\$64.23 million) respectively.

# Management Discussion and Analysis

## LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of cash flow data for the two years ended 31 December 2024 and 2025:

	2025 HK\$ million	2024 HK\$ million
Net cash generated from operating activities	<b>124.90</b>	31.23
Net cash (used in)/generated from investing activities	<b>(115.03)</b>	40.16
Net cash (used in)/generated from financing activities	<b>(54.26)</b>	12.33
Net (decrease)/increase in cash and cash equivalents	<b>(44.39)</b>	83.72
Cash and cash equivalents at 1 January	<b>141.48</b>	63.33
Effect of foreign exchange rate changes	<b>(1.40)</b>	(5.57)
Cash and cash equivalents at 31 December*	<b>95.69</b>	141.48

\* The balance including bank balance and cash attributable to assets classified as held for sale.

The Group's net cash inflow from operating activities for the year 2025 amounted to approximately HK\$124.90 million (2024: HK\$31.23 million). As at 31 December 2025, cash and cash equivalents amounted to approximately HK\$95.69 million, representing a decrease of approximately HK\$45.79 million as compared with the position as at 31 December 2024, which was mainly due to the combined effect of the cash flows for the year ended 31 December 2025 as shown in the above table.

## BANK BORROWINGS

As at 31 December 2024, included in the balance amounting to HK\$10,601,000 is unsecured and carries fixed interest at 3.5%.

As at 31 December 2025, the balance amounting to HK\$100,296,000 (2024: HK\$103,890,000) 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.

## NET CASH POSITION

The Group recorded a net negative cash position of HK\$7.98 million (2024: net cash position of HK\$26.99 million), calculated by deducting the bank borrowings from cash and cash equivalents as at 31 December 2025.

# Management Discussion and Analysis

## GEARING RATIO

The Group's gearing ratio decreased from 59.4% as at 31 December 2024 to 46.3% as at 31 December 2025, which is calculated using bank borrowings divided by total equity and multiplied by 100%.

## NET CURRENT ASSETS

As at 31 December 2025, the Group had net current assets of approximately HK\$13.92 million. The key components of current assets as at 31 December 2025 included cash and cash equivalents of approximately HK\$92.32 million, trade and bills receivables, other receivables, prepayments and deposits of approximately HK\$54.01 million, and inventories of approximately HK\$9.94 million. The current liabilities mainly represented trade and other payables of approximately HK\$111.25 million, current portion of bank borrowings of approximately HK\$8.92 million and current portion of lease liabilities of approximately HK\$5.87 million.

The net current assets decreased from approximately HK\$59.20 million as at 31 December 2024 to approximately HK\$13.92 million as at 31 December 2025.

## PLEDGE OF ASSETS

The Group did not have any assets owned by the Group which were pledged for borrowings.

## CAPITAL COMMITMENTS

The capital commitments in respect of property, plant and equipment as at 31 December 2025 and 2024 not provided for in the consolidated financial statements were approximately HK\$20.99 million and approximately HK\$36.71 million respectively.

## FOREIGN CURRENCY RISK

The Group is exposed to currency risk primarily through sales and bank deposits which give rise to receivables and cash balances that are denominated in USD under KEE Zippers Corporation Limited ("KEE Zippers").

As HK\$ is pegged to USD, the Group considers the risk of movements in exchange rates between USD and HK\$ to be insignificant.

Assuming that a general appreciation/depreciation of 0.5% in HK\$ against RMB at 31 December 2025, with all other variables held constant, there would be a decrease/increase of the Group's net profit for the year and decrease/increase of accumulated profits by approximately HK\$9,000 (2024: increase/decrease in net profit and decrease/increase of accumulated losses by approximately HK\$252,000).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The Group currently has no hedging arrangement for foreign currencies. The management will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

# Management Discussion and Analysis

## EMPLOYEES

As at 31 December 2025, the Group had 702 full-time employees (2024: 696). 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 year 2025 were approximately HK\$131.50 million (2024: approximately HK\$131.12 million). The increase in staff costs is mainly due to increase in number of full time employees and average salary of employees.

## CONTINGENT LIABILITIES

At the end of the reporting period, there were 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, reasonable expenses of, 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 totaling RMB1,000,000 (2024: 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 in 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 31 December 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.

In the opinion of the Directors, 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.

# Management Discussion and Analysis

## 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, 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.

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 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 2025 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.

- (iii) 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.

Details of which had been disclosed in the Company’s relevant announcements dated 30 December 2022, 31 August 2023 and 15 January 2024.

# Management Discussion and Analysis

## 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 People's Republic of China and its applicable profit tax rate up to 2026 is expected to be 15%. Without this preferential tax concession, normal profit tax rate of KEE Guangdong would be 25%.

## PROSPECT

In 2025, although national policies to stimulate consumption and new consumption models have revitalized the domestic market and driven its recovery, the competitiveness of the manufacturing and export businesses will still be affected by US government policies, including those relating to fentanyl trafficking, trade imbalances and retaliatory tariffs. Coupled with escalating geopolitical tensions, these factors will further reduce the competitiveness of the manufacturing and export businesses. Looking ahead, the Group will continue to pursue an asset-light business development model focused on stable cash flows, leveraging its strengths to build a solid and sustainable foundation for growth.

### Property Investment and Management Business

At the end of 2024, upon completion of share subscription, the Group began directly operating Jiajinlong Car City. The Car City provides leasing, property management, and other services, generating stable cash flow for the Group. On 29 August 2025, the Group obtained approval for Jiajinlong to be the sole party responsible for the management and operation of the Car City, and the sole right to receive the relevant operating profits and to renew the land use rights. The operating period of the Car City has also been extended to 15 July 2030. The Group is currently working towards obtaining approval for the 20-year renewal of the land use rights, actively upgrading and improving the facilities and environment of the Car City, considering, where appropriate, the introduction of elements such as new energy development, culture, entertainment and tourism, and enhancing its social responsibility while developing its business, seeking sustainable development and positive returns for shareholders of the Company.

### Zipper Business

As mentioned above, the trading environment for the Group's zipper business has been adversely and significantly affected, placing specific and relatively significant pressure on the Group's zipper business operations (including, but not limited to, its future profitability; its flexibility and resilience in the face of complex business and political environments; and the risk of sudden changes in political and trade policies). The Group is actively undertaking reforms, focusing on core product design, development, and manufacturing processes. Resources will be allocated to producing innovative, high-quality products with higher profit margins and clear differentiation from market competitors, in order to enhance competitiveness, profitability, and resilience to adverse changes in the business and international trade environment.

The Group has always adhered to a pragmatic business strategy, seeking diversified development while stabilizing its existing businesses, in order to achieve stable growth, stable cash flow, and effectively reduce business risks.

# Management Discussion and Analysis

## USE OF PROCEEDS FROM PLACING IN JANUARY 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:

<b>Intended use of proceeds</b>	<b>Allocation of proceeds</b> HK\$' million	<b>Utilisation as at 31 December 2025</b> HK\$' million	<b>Utilisation as at date of this report</b> HK\$' million	<b>Unutilised as at the date of this report</b> HK\$' million
General working capital and future business opportunities and investments of the Group	19.9	19.9	N/A	N/A

## EVENTS AFTER THE REPORTING PERIOD

On 19 December 2025 (after trading hours), KEE Guangdong (an indirect 85%-owned subsidiary of the Company), as the vendor, 益創(湖北)拉鏈有限公司 (Yichuang (Hubei) Zippers Manufacturing Company Limited\*) as the purchaser (the “**Purchaser**”), and KEE Hubei (a direct wholly-owned subsidiary of KEE Guangdong) as the target Company entered into the equity transfer agreement (the “**Equity Transfer Agreement**”) pursuant to which the KEE Guangdong agreed to sell, and the Purchaser agreed to acquire, the entire equity interests in KEE Hubei at the consideration of RMB40,000,000 (equivalent to approximately HK\$44,000,000). On the same day, KEE Guangdong as the buyer and KEE Hubei as the supplier entered into the procurement framework agreement (the “**Procurement Framework Agreement**”) in relation to the supply of zippers products to the Group. The procurement framework agreement will become effective subject to the completion of the Equity Transfer Agreement and will last for a term of three years.

On 30 March 2026, the Equity Transfer Agreement in respect of the disposal of the entire equity interests in KEE Hubei by KEE Guangdong to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement, and the transactions were approved by the shareholders of the Company at the extraordinary general meeting of the Company. The Company is working out with the Purchaser to fulfill the remaining necessary condition(s) precedent for completion of the Equity Transfer Agreement.

For details, please refer to the announcement of the Company dated 19 December 2025, the circular of the Company dated 12 March 2026, and the poll results announcement of the Company dated 30 March 2026.

Save as disclosed above, there were no major subsequent events since 31 December 2025 and up to the date of this report.

# Corporate Governance Report

## CORPORATE GOVERNANCE

Good corporate governance is conducive to enhancing the Group's overall performance and accountability is essential in modern corporate administration. The Board, which includes three independent non-executive Directors, is responsible for setting strategic, management and financial objectives, continuously observing the principles of good corporate governance and devoting considerable effort to identifying and formalising best practices to ensure that the interests of Shareholders, including those of minority Shareholders, are protected.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

## MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed they have complied with the Model Code throughout the year ended 31 December 2025.

## BOARD OF DIRECTORS

The Board currently comprises eight members, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors.

The biographical information of the Directors and the relationships between the members of the Board are set out in the section headed "Biographies of Directors and Senior Management" on pages 50 to 52 of this annual report.

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other executive Directors and non-executive Director during the year.

# Corporate Governance Report

The attendance record of each Director at the Board meetings and general meeting(s) of the Company held during the year ended 31 December 2025 is set out below:

<b>The Board</b>	<b>Board Meetings Attendance</b>	<b>Annual General Meeting Attendance</b>
<i>Executive Directors</i>		
Mr. Yip Siu Lun Dave ( <i>Chairman</i> )	4/4	1/1
Mr. Mak Yung Pan Andrew	4/4	1/1
Mr. Wu Cody Zhuo-xuan	4/4	1/1
Ms. Cheung Ka Yuen	4/4	1/1
<i>Non-executive Director</i>		
Ms. Lin Ping	1/4	0/1
<i>Independent Non-executive Directors</i>		
Mr. Leung Ka Tin	4/4	1/1
Mr. Cheng Hong Kei	4/4	1/1
Mr. Ko Kwok Shu	4/4	1/1

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 respectively due to personal reasons.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of Chairman was held by Mr. Yip Siu Lun Dave and the duties of the chief executive officer is performed by the existing management of the Group. This constitutes a deviation from the Code Provision C.2.1 but the Board is of the view that given the small size of the existing management team, Mr. Yip Siu Lun Dave has considerable experience in business development and the Board believes that the current structure will enable the Company to make and implement decisions promptly and efficiently. The Board will meet regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

# Corporate Governance Report

## APPOINTMENTS, RE-ELECTION AND RETIREMENT OF DIRECTORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term. Such term is subject to his/her reappointment by the Company at an annual general meeting upon such Director's retirement by rotation at least once every three years and offering himself/herself for re-election. Pursuant to the Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the following general meeting of the Company and shall then be eligible for re-election and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election. Also, pursuant to the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

The CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, Ms. Lin Ping is not appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association. Since her appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

## RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

All Directors, including the non-executive Director and the 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.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

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 co-ordinating the daily operation and management of the Company are delegated to the management.

# Corporate Governance Report

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate.

According to the records maintained by the Company, the Directors received the following training with an emphasis on but not limited to the roles, functions and duties of a director of a listed company on continuous professional development during the year ended 31 December 2025.

<b>Name of Directors</b>	<b>Reading Materials</b>	<b>Attending Seminars/ Trainings</b>
<i>Executive Directors</i>		
Mr. Yip Siu Lun Dave ( <i>Chairman</i> )	✓	✓
Mr. Mak Yung Pan Andrew	✓	✓
Mr. Wu Cody Zhuo-xuan	✓	✓
Ms. Cheung Ka Yuen	✓	✓
<i>Non-executive Director</i>		
Ms. Lin Ping	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Leung Ka Tin	✓	✓
Mr. Cheng Hong Kei	✓	✓
Mr. Ko Kwok Shu	✓	✓

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website.

The majority of the members of each Board committee are independent non-executive Directors and the list of chairman and members of each Board committee is set out under "Corporate Information" on page 2.

# Corporate Governance Report

## AUDIT COMMITTEE

An Audit Committee has been established with written terms of reference in compliance with the CG Code. The main duties of the Audit Committee are to, amongst others, assist the Board in reviewing the financial information and reporting system, internal control system and risk management, relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu. Mr. Cheng Hong Kei, an independent non-executive Director, is the chairman of the Audit Committee.

The Audit Committee held three meetings to review interim and annual financial results and reports during the year ended 31 December 2025 and significant issues on, amongst others, the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties. The consolidated results of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

The attendance record of each Director at the Audit Committee meetings held during the year ended 31 December 2025 is set out below:

<b>Audit Committee</b>	Attendance
Mr. Cheng Hong Kei ( <i>Committee Chairman</i> )	3/3
Mr. Leung Ka Tin	3/3
Mr. Ko Kwok Shu	3/3

# Corporate Governance Report

## REMUNERATION COMMITTEE

A Remuneration Committee has been established with written terms of reference in compliance with the Listing Rules and CG Code. The primary functions of the Remuneration Committee include determining the remuneration packages of individual executive Directors and senior management; reviewing and making recommendation to the Board on the remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy to ensure that no Director or any of his associates will participate in deciding his own remuneration. The Remuneration Committee is also responsible for reviewing and approving the matters relating to the share schemes of the Company. Such share options are granted based on individual employee's performance and the achievement of certain goals that are consistent with the Group's objective of maximising long-term value for the Shareholders.

The Remuneration Committee currently consists of three independent non-executive Directors, namely, Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu. Mr. Cheng Hong Kei, an independent non-executive Director, is the chairman of the Remuneration Committee.

The Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company, assess the performance of the executive Directors, to determine the remuneration packages of the executive Directors and senior management and other related matters during the year ended 31 December 2025.

The attendance record of each Director at the Remuneration Committee meeting held during the year ended 31 December 2025 is set out below:

Remuneration Committee	Attendance
Mr. Cheng Hong Kei ( <i>Committee Chairman</i> )	1/1
Mr. Leung Ka Tin	1/1
Mr. Ko Kwok Shu	1/1

The remuneration of Directors and senior management of the Company by band for the year ended 31 December 2025 is set out below:

	Number of Persons
HK\$0 to HK\$500,000	6
HK\$500,001 to HK\$1,000,000	1
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	–
HK\$2,000,001 to HK\$2,500,000	1
HK\$2,500,001 to HK\$3,000,000	–
HK\$3,000,001 to HK\$3,500,000	–
HK\$3,500,001 to HK\$4,000,000	3
HK\$4,000,001 to HK\$4,500,000	–
HK\$10,000,001 to HK\$10,500,000	1

# Corporate Governance Report

## NOMINATION COMMITTEE

A Nomination Committee has been established with written terms of reference in compliance with the Listing Rules and CG Code. The primary functions of the Nomination Committee are to review the Board composition, make recommendations to the Board on the appointment and succession planning of Directors, and assess the independence of independent non-executive Directors.

The Nomination Committee has adopted a set of nomination procedures for review of the structure, size and composition (including the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; implement and review the Board Diversity Policy; develop, review and disclose the policy for nomination of directors; assess the independence of independent non-executive Directors; and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the Chief Executive Officer.

The Nomination Committee currently consists of three independent non-executive Directors, namely Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu and two executive Directors, namely Mr. Yip Siu Lun Dave and Ms. Cheung Ka Yuen. Mr. Yip Siu Lun Dave, an executive Director, is the chairman of the Nomination Committee.

The Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the annual general meeting during the year ended 31 December 2025.

The attendance record of each Director at the Nomination Committee meeting held during the year ended 31 December 2025 is set out below:

<b>Nomination Committee</b>	Attendance
Mr. Yip Siu Lun Dave ( <i>Committee Chairman</i> )	1/1
Mr. Leung Ka Tin	1/1
Ms. Cheung Ka Yuen	1/1
Mr. Cheng Hong Kei	1/1
Mr. Ko Kwok Shu	1/1

## BOARD DIVERSITY POLICY

The Board has adopted a revised Board Diversity Policy for the year ended 31 December 2025 to comply with the Code Provision and the Stock Exchange's guidelines on board diversity. The Board Diversity Policy aims to set out the approach to achieve diversity in the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives, including but not limited to gender, age, cultural and educational background, professional experience, knowledge and skills. In identifying suitable candidates, the Nomination Committee will consider candidates on merit and against the objective criteria with due regard for the benefits of diversity on the Board.

# Corporate Governance Report

Currently, the gender diversity of the Board is at approximately 25% (2 female out of 8 Directors). The Nomination Committee and the Board will review the Board's target gender diversity ratio from time to time and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Further, the Board currently consists of members with different professional backgrounds and from different age groups. Accordingly, the Nomination Committee considers that the current composition of the Board is characterised by diversity (including gender diversity) after taking into account its own business model and specific needs, whether considered in terms of professional experience or skills.

## Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

## Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the Corporate Governance Report and monitor the implementation of the Board Diversity Policy (including the need to identify potential successors to the Board to achieve gender diversity). The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As at the date of this annual report, the Board comprises eight Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterized by significant diversity, whether considered in terms of age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

## DIVIDEND POLICY

The Board adopted a dividend policy for the year ended 31 December 2025. The Board has the discretion to declare and distribute dividends to the shareholders of the Company. Any declaration of final dividends for the year will be subject to the approval of the Company's shareholders. The Board shall take into account the financial position, cashflow situation, business conditions and strategies, current and future operations and earnings, capital requirements and expenditure plans, interests of shareholders, prevailing economic environment, any restrictions on payment of dividends of the Group and any other factors or conditions that the Board may consider relevant when considering the declaration and payment of dividends.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

# Corporate Governance Report

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 62 to 66.

## AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out in note 10 to the consolidated financial statements of the Company.

## INTERNAL CONTROLS AND RISK MANAGEMENT

Under Code Provision D.2.5, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the Audit Committee members. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks. No major issue was raised for improvement. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

During the year, the Group has appointed an external independent consultant to conduct a review of the Group's internal control systems. It covers all material financial, operational and compliance controls. The Board has conducted an annual review on the effectiveness of the Group's risk management and internal control systems based on the reports of the external independent consultant and considers that the Group's risk management and internal control systems as at 31 December 2025 to be effective and adequate.

# Corporate Governance Report

## COMPANY SECRETARY

Mr. Chan Kam Fuk resigned as the Company Secretary and Ms. Yu Sin Ting was appointed as the Company Secretary with effect from 1 December 2025. Ms. Yu has extensive experience in auditing and financial reporting for Hong Kong and overseas listed companies. Ms. Yu obtained a bachelor of science degree in accounting from Queen's University in the United Kingdom in 2015. She is a practising member of CPA Australia. Ms. Yu resigned as the Company Secretary with effect from 23 January 2026.

Mr. Chan Kam Fuk, aged 60, was appointed as the Company Secretary on 23 January 2026. Mr. Chan has extensive experience in finance, auditing and accounting. Mr. Chan graduated from The University of Southern Queensland, Australia with a Master of Professional Accounting in 1998 and from the City University of Hong Kong with the degree of Master of Science in Finance in 1995. Mr. Chan is currently the Deputy CEO of In.Corp Corporate Services (HK) Ltd, a TCSP licensed corporate advisory firm in HK. He is a qualified accountant in Hong Kong and Australia and therefore he meets the qualification requirements under Rule 3.28 of the Listing Rules.

During the year ended 31 December 2025, Mr. Chan has received no less than 15 hours relevant professional training to update his skill and knowledge and has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there was no significant change in the Company's constitutional documents.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the election of individual Directors. All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholder meeting.

## CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Pursuant to article 58 of the Company's articles of association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

# Corporate Governance Report

## PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

## PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

## CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the principal place of business of the Company in Hong Kong:

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

Email: [dchan@gilstongroup.com](mailto:dchan@gilstongroup.com)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (852) 3897 9800 for assistance.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including independent non-executive Directors, and the chairman of all Board committees (or their delegates) will make themselves available at the annual general meetings of the Company to meet Shareholders and answer their enquiries.

# Environmental, Social and Governance Report

## A. GOVERNANCE STRUCTURE

The Board (the “**Board**”) of Directors (the “**Directors**”) of Gilston Group Limited (“**GGL**” or the “**Company**”), together with its subsidiaries (collectively, the “**Group**”), is dedicated to maintaining high standards of corporate governance. The Group’s sustainability vision aims to enhance its ability to operate and thrive profitably amidst economic, environmental, technological, and social volatility, while fostering a strong culture of sustainability throughout the organisation.

An effective and well-structured governance framework enables the Group to meet the expectations of its key stakeholders and achieve long-term, sustainable growth. The Board is responsible for overseeing the Group’s leadership, performance, and overall management.

To facilitate effective decision-making and provide guidance on matters within their respective areas, the Board has established three committees:

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee

These committees play a supervisory role in overseeing various aspects of the Company’s operations.

## B. REPORTING PRINCIPLES AND BOUNDARIES

This Environmental, Social, and Governance (the “**ESG**”) Report is prepared in accordance with the “comply or explain” provisions outlined in the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set forth in Appendix C2 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Based on the Group’s assessment of materiality, quantitative factors, and consistency in relation to its business operations, this report covers the Group’s performance and initiatives in key areas, including environmental protection, employment policies and benefits, operational management, community engagement, and other aspects of its manufacturing and sales activities. These operations mainly are carried out in Guangdong Province, Hubei Province and Shenzhen in the People’s Republic of China, as well as at the Group’s Hong Kong headquarters, for the reporting period from 1 January 2025 to 31 December 2025.

All data and information in this Report are sourced from the Group’s official documents and relevant records. The Report has been compiled by the Group’s management and staff to evaluate the internal practices governing its environmental, social, operational, and governance activities.

The Group evaluates the significance of these issues in relation to its business growth and stakeholder interests and reports accordingly.

# Environmental, Social and Governance Report

## C. REPORTING ON ENVIRONMENTAL PARAMETERS

### C1. Policy and Governance on Environmental Aspects

In line with ISO standards (including ISO 14001) and relevant national laws and regulations, the Group has developed the Manual of Environmental Control System, which governs its environmental policy across various processes, including design, production, and sales. This policy emphasises the importance of reducing waste, conserving energy, and encouraging employees to recycle materials whenever possible, thereby minimising the environmental impact of daily operations.

To ensure the policy remains effective and aligned with current conditions, the relevant committee conducts an annual review and updates the Group's environmental strategies accordingly.

The Group is endeavouring to protect the environment in all aspects through:

- Comply with relevant environmental protections laws and regulations
- Continuous exploring to improve the sustainable manufacturing process
- Provide appropriate education, awareness, training, and resources to all employees
- Systematically identifying the relevant environment factors that affect our operations and formulating relevant remedial actions
- Having measures or procedures in place that respond to environmental events that create adverse the impacts on the environment and community
- Wherever feasible, use materials under the principles of reduction, reuse, recycling, and repair

#### 1.1 Emission Management

The Group strictly complies with the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), and the Standard for Pollution Control on Hazardous Waste Storage (危險廢物儲存污染控制標準). Following an assessment of the environmental impact of its production facilities, the Group confirmed that the emissions of air pollutants, greenhouse gases, wastewater, sewage, and non-hazardous residues adhere to the relevant PRC regulations.

During the fiscal year ended 2025, the Group did not identify any instances of non-compliance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes or other applicable laws and regulations.

#### *Hazardous Waste and Non-Hazardous Waste Management*

The hazardous and non-hazardous waste generated from the Group's production processes primarily includes the following:

- Hazardous waste: waste mineral oil, dyestuff, waste coatings, broken lamps, and waste barrels.
- Non-hazardous waste: packaging materials, zippers, sludge, and domestic refuse.

# Environmental, Social and Governance Report

To prevent secondary pollution, the Group strictly complies with relevant regulations when packing, storing, and transporting hazardous waste, which is sent to authorised professional waste handling institutions for recycling or disposal. Additionally, dyeing sludge is dewatered to reduce its water content and volume, thereby lessening the impact on landfills. Non-hazardous waste, such as domestic refuse and kitchen waste, is collected and disposed of by municipal government authorities.

Non-hazardous waste mainly arises from discarded packaging and office-generated domestic waste. Metals and broken machine parts are collected and handled by designated waste collectors. Hazardous waste from the manufacturing process is securely stored and collected separately by qualified waste disposal professionals.

## *Exhaust Gas and Greenhouse Gas, Dust Emission*

The Group has obtained a Pollutant Discharge Permit (污染物排放許可證) from the Ministry of Environmental Protection, as well as a Pollutant Emission Permit from the relevant governmental regulatory authority, ensuring that its emissions comply with national standards.

To further minimise its environmental impact, the Group continues to enhance its exhaust gas emission system. During the reporting period, the local environmental protection ministry conducted random inspections of sulphur dioxide, carbon monoxide, and other exhaust gases. The results confirmed that the Group's emissions were below the permissible density limits for air pollutants from oil-fired boilers, as stipulated in the Emission Limit of Air Pollutants for Industrial Boilers (鍋爐大氣污染物排放限值).

## *Sewerage Treatment*

The sewage generated by the Group's operations primarily comprises dyeing and boiler wastewater. A wastewater storage and monitoring system has been installed to aid in sewage treatment. The wastewater flows into treatment plants, where it is processed through a reclaimed water recycling system. Filters are replaced more frequently to enhance recycling efficiency.

After treatment, the recycled water is reused for dyeing, cleaning, cooling, and watering vegetation within the industrial area. Treated wastewater is then discharged into the drainage system. The Group actively promotes green operations by implementing automation, improving processes, and reusing wastewater in the dyeing process.

Additionally, the Group sends discharged wastewater to certified testing facilities, while the local environmental protection agency conducts regular inspections. Effluent emissions, including Chemical Oxygen Demands (COD), suspended solids, and nitrogen, meet the discharge standards for water pollutant sources in dyeing and finishing prevention (紡織染整工業水污染物排放標準).

# Environmental, Social and Governance Report

**Table 1 – Emissions Profile:**

Emissions	Unit	FY2023		FY2024		FY2025	
		Emissions	Intensity (per HK\$1M revenue)	Emissions	Intensity (per HK\$1M revenue)	Emissions	Intensity (per HK\$1M revenue)
Greenhouse Gas							
Scope 1 Emissions	tCO <sub>2</sub> e	1,108.80	4.16	1,258.88	3.78	1,384.76	3.62
Scope 2 Emissions	tCO <sub>2</sub> e	8,502.55	31.90	9,248.78	27.74	9,295.02	24.26
Scope 3 Emissions	tCO <sub>2</sub> e	264.26	0.99	0	0	0	0
Total (Scope 1, 2 & 3)	tCO <sub>2</sub> e	9,875.61	37.05	10,507.66	31.52	10,679.78	27.88
Exhaust Gas							
Nitrogen Oxides	kg	182.43	0.72	204.41	0.61	132.29	0.35
Sulphur Oxides	kg	0.00	0.00	46.34	0.14	0.00	0.00
Particulate Matter	kg	89.61	0.34	41.87	0.13	119.65	0.31
Sewage							
Hazardous Waste	tonnes	154,306.10	578.91	131,323.57	393.92	197,101.00	514.49
Non-Hazardous Waste	tonnes	184.22	0.81	226.55	0.68	150.80	0.39
	tonnes	20.92	0.08	12.04	0.04	20.53	0.05

## 1.2 Efficient Use of Resources

Practising reduce, reuse, and recycle not only promotes the efficient use of Earth's valuable resources but also helps save and lower costs. Consequently, the Group has implemented various eco-friendly measures, incorporating them into daily operations while encouraging employees to participate actively.

The Group's manufacturing process primarily consumes electricity, and to minimise energy usage, energy-saving lamps have been installed as part of a green lighting initiative aimed at reducing electricity consumption.

To conserve water and enhance efficiency, the Group has repaired old water pipes, fixed leaks, and reduced tap water usage. Additionally, the research and development department has introduced two metal zipper cleaners that effectively remove plating solution, thereby cutting down water consumption.

To support a paperless environment, employees are encouraged to adopt electronic methods, such as using email for daily tasks, promoting paperless office practices, and engaging in double-sided printing. They are also urged to switch off lights, computers, fans, and other electronic devices when not in use to minimise consumption.

# Environmental, Social and Governance Report

**Table 2 – Resource Consumption:**

Resource Utilization	Unit	FY2023		FY2024		FY2025	
		Consumption	Intensity (per HK\$1M revenue)	Consumption	Intensity (per HK\$1M revenue)	Consumption	Intensity (per HK\$1M revenue)
Electricity	kWh	12,965,319	48,641.59	15,891,373	47,668.02	15,953,760	41,643.74
– Office	kWh	346,985	1,301.77	234,035	702.02	223,377	583.08
– Factory	kWh	12,618,334	47,339.82	15,657,338	46,966.00	15,730,383	41,060.67
Steam	MMBTU	6,388.55	23.97	7,075.84	21.22	6,576.55	17.17
Water	tonnes	225,390	845.59	255,272	765.72	249,969	652.49
Paper	kg	2,118.27	7.95	3,037.65	9.11	2,305.38	6.02
Diesel Oil	L	6,964.81	26.13	5,419.08	16.26	2,323.97	6.07
LPG	kg	23,140	86.81	22,652.40	67.95	17,113.80	44.67
Natural Gas	m <sup>3</sup>	548,152	2,056.49	624,285	1,872.62	657,824	1,717.10

The Group primarily uses plastic bags and cartons as packaging materials, with their sizes determined based on the specific needs of customers and the dimensions of the products. While recognising the importance of packaging, the Group strives to maximise resource efficiency by minimising the use of packaging materials to reduce waste generation.

**Table 3 – Packaging Material:**

Packaging Material	Unit	FY2023		FY2024		FY2025	
		Consumption	Intensity (per HK\$1M revenue)	Consumption	Intensity (per HK\$1M revenue)	Consumption	Intensity (per HK\$1M revenue)
Carton Box	kg	73,256.06	274.83	100,469.40	301.37	165,855.00	432.93
Plastic Bags	kg	21,982.70	82.47	28,413.30	85.23	40,832.20	106.58

### 1.3 The Environment and Natural Resources

The Group acknowledges the importance of environmental protection and regularly assesses its environmental impact while reviewing its practices and implementing necessary preventive or improvement measures to minimise the negative effects of its business operations on the environment.

The Group also engages with suppliers, business partners, and clients to enhance their understanding of its environmental policies, select certified green raw materials, and adopt energy-efficient equipment, while remaining committed to fostering environmental awareness among employees.

# Environmental, Social and Governance Report

## 1.4 Climate Change

Climate change is already impacting organisations and communities worldwide, with the growing intensity and frequency of extreme weather events, prolonged droughts, and rising temperatures and sea levels. Global and regional efforts are being coordinated to stabilise and reduce greenhouse gas (GHG) emissions caused by human activities through a collective transition to a low-carbon economy.

Amid of the climate change risk and disruption globally and in the region such as raw material shortages, potential carbon taxes and stringent sustainability standards i.e. GHG Reporting, the Group has commenced to plan and strategies towards greener manufacturing to reducing carbon footprint and long term energy costs.

To address climate change, the Group has identified pathways for emission reduction and formulated a strategy for controlling and reducing emissions.

## D. REPORTING ON SOCIAL PARAMETERS

### D1. Employment Practices

Employees are valuable assets of the Group, and effective human resources management plays a key role in maintaining corporate competitiveness. The Group is committed to enhancing its recruitment system and working environment, creating opportunities for employees to develop their careers, and fostering a supportive culture to ensure that all employees are protected and respected.

#### a. Policy and Governance Aspects

The Group adheres to national and regional laws and regulations in Hong Kong and Mainland China, including the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法), and the Employment Ordinance (僱傭條例) of Hong Kong. The Group has established a fair and transparent employment policy and an Anti-discrimination Policy, ensuring that all employees are entitled to equal employment opportunities regardless of nationality, religious belief, gender, marital status, disability, or age (except for those under 16).

The Group also strictly complies with the Law of the People's Republic of China on the Protection of Disabled Persons (中華人民共和國殘疾人保障法) and the Mandatory Provident Fund Schemes Ordinance (強制性公積金計劃條例) of Hong Kong, covering contributions to housing provident funds, social insurance, mandatory provident funds, labour insurance, and other related benefits.

#### b. Fair and Open Talent Selection

The Group has established a Recruitment Management System to ensure fair and transparent hiring processes. The Human Resources Department selects candidates based on objective criteria, including work experience, job skills, and academic qualifications. To attract and retain talent, the Group offers fair and competitive remuneration along with employee benefits. Salary adjustments and promotions are determined by objective factors such as job performance, professional skills, regular assessments, and work evaluations.

# Environmental, Social and Governance Report

## c. **Staff Advantages**

The Group offers employees a range of leave options, including rest periods, marriage and bereavement leave, maternity leave, injury leave, annual leave, family planning leave, and paternity leave.

To promote work-life balance, various recreational facilities such as table tennis tables, snooker tables, and a gym have been made available. Additionally, the Group organises social, recreational, and sporting events, including basketball tournaments and birthday celebrations, allowing employees to unwind through activities such as movie gatherings, travelling, and hobby groups.

For factory workers, the Group provides dormitory accommodations equipped with free Wi-Fi and essential daily necessities. Air conditioners are routinely repaired and replaced as needed to enhance living conditions. Complimentary meals are also provided, with the staff canteen offering a balanced diet that includes both meat and vegetables in a healthy and safe dining environment. Employees working in food preparation undergo annual health checks and are required to wear appropriate safety gear, including chef hats, masks, and plastic shoes, in compliance with local regulations that mandate obtaining a Food Service Permit (食品衛生許可證).

The Administration and Diet Committee oversees the daily operations of the staff canteen and monitors the food suppliers to ensure compliance with national hygiene standards. Regular satisfaction surveys are distributed to employees, with feedback reviewed and followed up to drive continuous improvement and ensure quality.

# Environmental, Social and Governance Report

## d. Workforce Details and Turnover Rates

The Group welcomes individuals from diverse backgrounds, encouraging those with a passion for learning, engagement, and contribution to become part of the team.

As of the end of the FY2025, the Group employed 702 full-time staff (FY2024: 654). Key metrics related to job divisions, regions, age groups, and gender are summarised in the table below.

**Table 4 – Employees:**

Particular	FY2023		FY2024		FY2025	
	Number	% of Total Staff	Number	% of Total Staff	Number	% of Total Staff
Employment Type						
– Full Time	655	100.00	654	100.00	702	100.00
– Part Time	0	0.00	0	0.00	0	0.00
Gender						
– Male	397	60.61	382	58.41	412	58.69
– Female	258	39.39	272	41.59	290	41.31
Age Group						
– 18 to 30	98	14.96	92	14.07	109	15.53
– 31 to 40	288	43.97	280	42.81	263	37.46
– 41 to 50	210	32.06	234	35.78	263	37.46
– 50 or above	59	9.01	48	7.34	67	9.54
Geographical Region						
– China	632	96.49	640	97.86	682	97.15
– Hong Kong	23	3.51	14	2.14	20	2.85
Employee Categories						
– Senior Management	16	2.44	29	4.43	18	2.56
– Middle Management	21	3.20	29	4.43	27	3.85
– General Staff	618	94.36	596	91.13	657	93.59
Service Period						
– Less than 5 years	394	60.15	382	58.41	551	78.49
– 5 to 10 years	133	20.30	162	24.77	69	9.83
– Over 10 years	128	19.54	110	16.82	82	11.68

# Environmental, Social and Governance Report

## Employee Percentage Turnover rate (%)

Particular	FY2023	FY2024	FY2025
Employment Type			
– Full Time	0.00	41.40	32.44
– Part Time	0.00	0.00	0.00
Gender			
– Male	0.00	38.49	30.87
– Female	1.92	45.05	34.54
Age Group			
– 18 to 30	0.00	64.62	54.20
– 31 to 40	0.00	42.39	34.58
– 41 to 50	4.20	24.52	17.30
– 50 or above	0.00	20.00	17.28
Geographical Region			
– China	0.00	41.07	32.81
– Hong Kong	0.00	6.67	16.67
Employee Categories			
– Senior Management	0.00	23.68	5.26
– Middle Management	4.65	14.71	6.90
– General Staff	0.00	42.91	33.70
Service Period			
– Less than 5 years	0.00	52.66	36.45
– 5 to 10 years	1.49	8.99	14.81
– Over 10 years	6.79	16.03	9.89

# Environmental, Social and Governance Report

## D2. Health and Safety

### a. *Policy and Governance Aspects*

The Group prioritises the health and safety of its employees and is dedicated to maintaining a safe working environment. This commitment is upheld by strict compliance with relevant laws and regulations, including the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法), and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法).

### b. *Safe Work Environment*

The Group enforces the 5S workplace management system in its factories, focusing on sorting (Seiri), setting in order (Seiton), vacuuming (Seiketsu), cleaning (Seiso), and maintaining discipline (Shitsuke). Employees are provided with protective gear, including gloves, masks, ear protection, and safety boots. A labour gear supervision mechanism is in place, with regular checks to monitor and ensure the proper use of protective equipment. Employees in specialised roles, such as electricians, are required to obtain government-recognised licences and pass necessary exams before commencing work.

Electricians are responsible for replacing damaged electrical wires, maintaining and repairing electronic appliances, and ensuring the safety of electrical systems through double insulation of wires.

To enhance workplace safety, the Group annually engages a qualified professional organisation to detect and assess occupational hazards and develop measures to mitigate occupational health and safety risks. Relevant employees also undergo annual occupational health examinations. Additionally, the Group conducts thorough inspections and analyses of machinery, implementing protective measures where potential safety risks are identified. For example, safety screens have been installed on all semi-automatic punching equipment to enhance employee protection.

The Group has established a Fire Safety Control System and equipped its factories with an interactive fire alarm system. Designated staff conduct monthly inspections, maintenance, and repairs of fire apparatus, which are also checked annually by a licensed professional institution. All safety exits are fitted with safety and emergency lights and are kept unobstructed. Furthermore, a production safety task force has been formed to develop emergency response plans and coordinate regular fire drills in collaboration with local fire departments, held every spring and autumn for all employees.

# Environmental, Social and Governance Report

## c. **Health and Safety Trainings**

The Group promotes enhanced safety awareness among employees through a series of on-the-job training sessions and a three-tier mechanism designed for new joiners. This mechanism equips them with essential knowledge, including production safety practices, relevant regulations and systems, proper use of safety equipment, maintenance and usage of personal protective gear, preventive measures, and awareness of occupational hazards. These efforts aim to strengthen overall safety consciousness within the workplace.

Education Categories	Abstract
<b>First Level (Corporate Education)</b>	<ul style="list-style-type: none"> <li>• The Company’s production safety circumstance and basic knowledge of production safety.</li> <li>• The Company safety rules and regulations and labour discipline.</li> <li>• The employees’ rights and obligations in production safety.</li> <li>• Emergency rescue plan and self-help knowledge.</li> <li>• The accident case study.</li> <li>• Other safety-related training.</li> </ul>
<b>Second Level (Workplace Education)</b>	<ul style="list-style-type: none"> <li>• Working environment and risk factors.</li> <li>• Occupational hazards and casualties that may be suffered.</li> <li>• Work safety responsibilities, operational skills and mandatory standards.</li> <li>• Rescue and first aid methods, evacuation and on-site emergency treatment.</li> <li>• Use and maintenance of safety equipment and personal protective equipment.</li> <li>• Safety production conditions in workplace and related rules and regulations.</li> <li>• Measures to prevent accidents and occupational hazards and safety matters that should be paid attention to.</li> <li>• The accident case study.</li> <li>• Other training content.</li> </ul>
<b>Third Level (Position Education)</b>	<ul style="list-style-type: none"> <li>• Safety operating procedures for related position.</li> <li>• The safety and occupational health matters relating to interconnection between different positions.</li> <li>• The accident case study.</li> <li>• Other training contents.</li> </ul>

The Group enhances workplace safety by sending representatives to participate in first aid training conducted by the Red Cross. A list of certified first aiders is regularly announced, and emergency first aid kits are strategically placed throughout the premises.

Each year, the Group invites local authorised medical rescue units to conduct on-site first aid training for all employees, ensuring they are equipped with essential life-saving skills.

# Environmental, Social and Governance Report

To further promote fire safety awareness, employees undergo fire drills that include practising pre-set escape routes and receiving hands-on training in the proper use of fire extinguishers and first-aid procedures.

**Table 5 – Occupational Health and Safety**

Occupational Health and Safety Statistics	FY2023	FY2024	FY2025
Number of lost days due to work injury	60	356	152
Number of work-related fatalities due to work	0	0	0
Number of work injuries due to work	2	4	3

## D3. Development and Training

The Group's Training Management System governs employee training policies and offers a diverse range of internal and external training programmes. New joiners undergo induction training, which covers key areas such as corporate culture, company regulations and systems, safety protocols, environmental health and safety (EHS), job-specific skills, and work procedures to help them better adapt to the workplace environment.

The Human Resources Department develops annual training plans, which are adjusted based on actual business needs to enhance employee competitiveness and professional skills.

To further enrich training opportunities, the Group has established long-term partnerships with external training institutions. Experienced professionals, including students and renowned professors, are invited to deliver lectures on topics such as human resources, administration, finance, production management, personal development, research and development, and marketing.

The Group also organises and supplies training sessions on management skills, safety procedures, communication, and computer proficiency. Additionally, targeted courses, such as "Minimising Ethical Trade Risks in the Supply Chain" (降低供應鏈道德貿易風險), are offered to improve the awareness and capabilities of front-line managers.

For senior management, the Group supports enrolment in Master's degree programmes in business administration and other essential leadership skills. English classes are also subsidised to enhance the overall competitiveness of the management team.

**Table 6 – Training**

Particulars	Male	Female	Senior	Middle
			Management	Management
No. of training hours attended	824	580	15	23
No. of staff attended training	412	290	18	27
Average training hours completed per trained staff	2	2	0.83	0.85
% of staff attended training	100	100	100	100

# Environmental, Social and Governance Report

## D4. Labour Standards

The Group strictly adheres to national laws and regulations, firmly prohibiting child and forced labour. To prevent the hiring of underage workers, the Human Resources Department verifies applicants' identities during the recruitment process.

In line with these commitments, the Group's Code of Social Responsibility explicitly prohibits all forms of coerced and child labour. Additionally, the Employee Manual sets clear guidelines on reasonable working hours, ensuring that they do not exceed limits established by local laws. Employees are guaranteed at least one day off per week, with no mandatory overtime, and receive compensation for night shifts and overtime work.

To address any concerns, the Group has established Complaint Management Procedures, enabling employees subjected to forced labour to submit written complaints through suggestion boxes, voice their concerns through labour unions, or report issues verbally to factory management. These mechanisms, together with comprehensive laws and internal policies, protect employees' rights and interests.

During the Reporting Period, no incidents of child or forced labour were recorded within the Group.

## D5. Supply Chain Management

The Group's Supply Chain Management System governs procurement procedures and policies, ensuring effective and transparent sourcing practices. By establishing a "Clean Cooperation Commitment" with its suppliers, the Group aims to foster positive, long-term partnerships based on fairness, impartiality, and openness. Original countersigned copies of the agreement are retained and periodically updated.

Suppliers are evaluated using key criteria, including product quality, reliability, pricing, delivery efficiency, quality assurance systems, and company size. To balance source control with economic benefits, the Group also considers suppliers' environmental protection initiatives when conducting supplier classification and routine assessments.

To enhance chemical safety management, the Group has implemented the Chemicals Safety Control System and Control Standard of Prohibited Substances, both of which were updated during the Reporting Period.

All chemical suppliers are required to provide Material Safety Data Sheets (MSDS), detailing essential information such as primary ingredients, usage guidelines, storage, and transportation requirements. These reports are printed and displayed prominently in warehouse areas. Additionally, third-party testing reports for key raw materials are uploaded to a shared digital drive, ensuring accessibility for all employees.

To maintain product safety and quality, the Group mandates that all procured materials comply with the eighth-level needle detection standard. A needle detector has also been acquired to inspect metal materials and further enhance quality control.

In an effort to minimise transportation-related carbon emissions, the Group sources all suppliers domestically, with the majority located in Guangdong Province, Zhejiang Province, and Shanghai. As of 31 December 2025, the Group had 524 (2024: 558) suppliers, and no significant complaints regarding material quality were reported throughout the fiscal year.

# Environmental, Social and Governance Report

## D6. Product Responsibility

### a. **Quality Assurance**

The Group is dedicated to delivering high-quality products and services, continuously improving product standards, attracting new customers, and strengthening relationships with existing ones. The Group also strictly complies with all applicable laws and regulations concerning the health and safety of its products and services.

To uphold product excellence, the Group has implemented a robust quality assurance system. Its production facilities have earned multiple internationally recognised certifications, including the ISO 9001 Quality Management System, STANDARD 100 by OEKO-TEX® (OEKOTEX 100) for textile products, the Trim Qualification Program (TQP), and the Global Recycled Standard (GRS).

Additionally, a well-equipped and proficient Quality Control Department has been established to enforce rigorous product quality standards, ensuring strict adherence to customers' specific requirements.

### b. **Consumer Service**

The Group encourages valued customers to share their feedback through various channels, including verbal communication, telephone, mail, fax, in-person visits, and other means. To address customer concerns effectively, the Group has established a Customer Complaint Handling Mechanism aimed at promptly investigating, resolving complaints, and providing timely feedback.

Complaints related to product quality are handled by the Quality Control Department, while customer communication is managed by the Sales Department. During FY2025, the Group received 0 customer complaints (FY2024: 0 complaints). Notably, there were no product recalls due to health and safety issues during the reporting period.

### c. **Privacy Policy**

The Group places great importance on safeguarding the personal data of both employees and customers and strictly adheres to the Personal Data (Privacy) Ordinance (個人資料(私隱)條例) under Hong Kong law and Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法). To ensure the proper handling and secure storage of sensitive information, the Group has established detailed guidelines aimed at preventing any unauthorised editing, usage, resale, or misuse of customer and employee data for unintended purposes.

Throughout the reporting period, the Group did not observe or receive any complaints regarding the misuse, unauthorised access, or mishandling of personal information related to customers or employees.

### d. **Advertising**

The Group ensures strict compliance with the Advertising Law of the People's Republic of China (中華人民共和國廣告法) and closely monitors the design and updating of packaging materials for new products.

Packaging specifications, including size, material requirements, labelling, and other relevant elements, are reviewed and approved by the marketing, production, logistics, and quality control departments to ensure alignment with regulatory standards.

Throughout the reporting period, all advertising and promotional activities were conducted in strict adherence to applicable laws and regulations in the regions where the Group operates. No instances of advertisements containing misleading or false statements were recorded.

# Environmental, Social and Governance Report

## D7. Anti-Corruption

The Group upholds the principles of honesty and integrity, with a firm commitment to eradicating corruption, bribery, fraud, illegal rebates, misappropriation, and theft of corporate assets.

To reinforce ethical practices, the Group strictly adheres to the Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), the Prevention of Bribery Ordinance (防止賄賂條例) under Hong Kong law, and other applicable national and regional laws and regulations concerning bribery, extortion, fraud, and money laundering. These regulations form the foundation of the Group's Anti-Corruption and Reporting System.

All employees, except general workers, are required to sign a "Clean Agreement" to formalise their commitment to ethical conduct. Additionally, before engaging in business transactions, the Group mandates customers and suppliers to sign the "Clean Cooperation Commitment", pledging to refrain from fraudulent, bribery-related, or other dishonest practices in any business dealings.

### a. *Whistle-Blowing Policy*

The Group's internal control department monitors and investigates reports submitted through designated reporting emails, hotlines, and mailboxes. To encourage reporting, a reward system for whistle-blowers has also been established.

The Group strictly safeguards the confidentiality of whistle-blowers, including their names, addresses, and workplace departments. Upon receiving a report, prompt investigation and verification are conducted. In confirmed cases of serious misconduct, the matter is escalated to law enforcement authorities, and whistle-blowers may be recognised and rewarded accordingly.

### b. *Anti-Corruption Training*

The Group conducts anti-corruption training to raise awareness of integrity and educate employees on national and regional anti-corruption laws and regulations. It remains committed to combating corruption and bribery to eradicate dishonest practices in business operations.

In FY2025, no cases related to bribery, extortion, fraud, or money laundering were reported or detected.

## D8. Community

"KEE Charitable Foundation" was formed with the support from the Group to support employees facing difficult circumstances by raising funds through employee contributions and assistance from the labour union. This initiative strengthens the Group's corporate appeal, fosters team spirit, and demonstrates its proactive commitment to corporate social responsibility (CSR).

The Foundation provides financial aid for various hardships, including covering education expenses for employees' children, supporting employees or their immediate family members affected by severe accidents or illnesses, assisting with unaffordable medical bills, and offering relief for damages caused by natural disasters.

Over the years, the Group has actively fulfilled its CSR by donating to support the disabled and underprivileged while contributing to the development of young people and athletes. Employees are encouraged to participate in charitable activities, including visiting the disabled during festive seasons and holidays. Annual sheltered factory visits are organised to express care for the disabled, raise donations for employees in need, and engage in community initiatives.

During FY2025, the Group took a pause in its CSR programme activities as the Group undergoes internal restructuring and operational realignment to better position ourselves for long-term sustainability. Nonetheless, the Foundation continues to serve as a platform for providing targeted assistance to employees in need, particularly in cases involving medical expenses, educational support for employees' children, and emergency relief for accidents or natural disasters.

# Environmental, Social and Governance Report

## HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

Aspects from Appendix C2	Disclosure	Sections in ESG Report
<b>Mandatory Disclosure Requirements</b>		
13. Governance Structure	A statement from the board containing the following elements: <ul style="list-style-type: none"><li>i. A disclosure of the board's oversight of ESG issues</li><li>ii. The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG related issues (including risks to the issuer's businesses)</li><li>iii. How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li></ul>	Governance Structure
14. Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistency) in the preparation of the ESG report.	Reporting Principles and Boundaries
15. Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Principles and Boundaries
<b>Environmental</b>		
<b>A1. Emissions</b>		
A1 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.	Policy and Governance on Environmental Aspects
KPI A1.1	The types of emission and respective emissions data.	Table 1 – Emissions Profile

# Environmental, Social and Governance Report

Aspects from Appendix C2	Disclosure	Sections in ESG Report
KPI A1.2	repealed 1 January 2025	–
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Table 1 – Emissions Profile
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Table 1 – Emissions Profile
KPI A1.5	Description of emission target(s) set, and steps taken to achieve them.	Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them.	Hazardous waste and non-hazardous waste management

## A2. Use of Resources

A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Efficient use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Table 2 – Resource Consumption
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Table 2 – Resource Consumption
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Efficient use of resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Efficient use of resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Table 3 – Packaging Materials

## A3. The Environment and Natural Resources

A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
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# Environmental, Social and Governance Report

Aspects from Appendix C2	Disclosure	Sections in ESG Report
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
<b>A4. Climate Change</b>		
A4 General Disclosure	repealed 1 January 2025	–
KPI A4.1	repealed 1 January 2025	–
<b>Social</b>		
<b>B1. Employment</b>		
B1 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	Employment practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Table 4 – Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee turnover rate (%)
<b>B2. Health and Safety</b>		
B2 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to provide a safe working environment and protection employees from occupational hazard.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Table 5 – Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Table 5 – Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

# Environmental, Social and Governance Report

Aspects from Appendix C2	Disclosure	Sections in ESG Report
<b>B3. Development and Training</b>		
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management)	Table 6 – Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Table 6 – Training
<b>B4. Labour Standards</b>		
B4 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
<b>B5. Supply Chain Management</b>		
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management

# Environmental, Social and Governance Report

Aspects from Appendix C2	Disclosure	Sections in ESG Report
<b>B6. Product Responsibility</b>		
B6 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Product Responsibility
<b>B7. Anti-Corruption</b>		
B7 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
<b>B8. Community Investment</b>		
B8 General Disclosure	Policies on community investment to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Community

# Biographies of Directors and Senior Management

As at the date of this annual report, the Board consists of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors.

## EXECUTIVE DIRECTORS

**Mr. Yip Siu Lun Dave**, aged 65, was appointed as an executive Director and chairman of the Board with effect from 23 March 2022. Mr. Yip is experienced in the finance industry. Mr. Yip has been the chief financial officer of Maple International Group (China) Company Limited, a company incorporated in Hong Kong focusing on property development since 2014, in which he is responsible for the company's project management and financing.

**Mr. Wu Cody Zhuo-xuan**, aged 29, was appointed as an executive Director with effect from 23 March 2022. Mr. Wu has been the administrative manager of Maple International Group (China) Company Limited since 2021 after completing his undergraduate studies. As at the date of this annual report, following the completion of inheritance of all the issued shares of Central Eagle from the estate of Mr. Wu Jingming on 9 January 2026, Mr. Wu inherited and received all the issued Shares of Central Eagle (a substantial shareholder of the Company) and became a substantial shareholder of the Company. For further details, please refer to the announcements of the Company dated 2 September 2024, 18 December 2024 and 9 January 2026.

**Mr. Mak Yung Pan Andrew**, aged 36, was appointed as an executive Director and authorized representative of the Company with effect from 19 November 2019. Mr. Mak is the Co-Founder and Chief Corporate Development Officer of Rockpool Capital Limited ("**Rockpool**") which he started in 2017. Rockpool is an integrated wealth management platform holding licenses to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Prior to joining Rockpool, he was a Management Associate at the Standard Chartered Bank from July 2010 to March 2011. Mr. Mak then worked at JPMorgan Chase Bank, N.A. as an Associate from March 2011 to June 2016. Mr. Mak has been a director of Apex Insurance (Holdings) Limited, an insurance broker in Hong Kong since August 2016, being primarily responsible for overall management and investment strategy. Mr. Mak obtained a Bachelor of Business Administration (double major in Marketing and Management) at Hong Kong University of Science and Technology in 2010. Mr. Mak is a representative of Rockpool licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

**Ms. Cheung Ka Yuen**, aged 37, was appointed as an executive Director with effect from 14 October 2022. Ms. Cheung obtained a Bachelor of Arts with Second Class Honours (1st Division) degree in Accounting from Edinburgh Napier University in 2016. From November 2014 to March 2017, Ms. Cheung worked at Gullivers Travel Associates (Hong Kong) Limited as an accounting clerk and was responsible for handling accounting matters and documents. Ms. Cheung has been the general manager of Maple International Group (China) Company Limited since September 2017, and is responsible for overseeing the operation of property investment segment in Hong Kong and Singapore as well as overall strategy, business planning and operational decision of the Company. Since February 2022, Ms. Cheung has been the Company's general manager.

## NON-EXECUTIVE DIRECTOR

**Ms. Lin Ping**, aged 67, was appointed as a non-executive Director with effect from 19 November 2019. Ms. Ling has joined 深圳市卓永實業發展有限公司 (Shenzhen Zhuoyong Industrial Development Company Limited\*) as its director and general manager in 1995, a company established in the PRC with limited liability, which is principally engaged in real estate development and investment.

# Biographies of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Cheng Hong Kei**, aged 71, was appointed as an independent non-executive Director with effect from 19 November 2019. Mr. Cheng is a co-founding director of Cheng & Cheng Limited. Mr. Cheng has over 35 years of experience in accounting and taxation and has extensive knowledge in auditing, tax planning and tax investigation. Prior to incorporating Cheng & Cheng Limited in 1991, Mr. Cheng has worked in PricewaterhouseCoopers in Hong Kong. Mr. Cheng was an assessor in the Inland Revenue Department (the “**IRD**”) and has worked in the Profits Tax and Investigation divisions in the IRD for 12 years. After Mr. Cheng left the IRD in 1988, Mr. Cheng then served as a Manager and an Associate at Messrs. S. H. Leung & Company and Ho Tak Sang and Company for three years. Mr. Cheng is an independent non-executive Director of Great China Properties Holdings Limited (stock code: 21) and GET Holdings Limited (stock code: 8100). Mr. Cheng obtained a high diploma at The Hong Kong Polytechnic in 1975 and is a certified tax adviser. Mr. Cheng is also a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Taxation Institute of Hong Kong.

**Mr. Leung Ka Tin**, aged 72, was appointed as an independent non-executive Director with effect from 17 February 2016. Mr. Leung holds a Diploma in Management Studies. Mr. Leung has over 35 years of management experience in banking, treasury operation, project finance, logistics and human resource management. He was a senior management team member of various financial institutions including First Pacific Group, Nedcor Asia (previously known as Nedfinance), BfG Germany and Delta Asia Financial Group as well as companies in the logistics and telecommunication sectors including EAS Da Tong Group and Trident Telecom Ventures Limited. Mr. Leung also has extensive experience in the corporate finance field. He served as director for the following companies listed on the Stock Exchange, namely China Kingstone Mining Holdings Limited (stock code: 1380) and National Agricultural Holdings Limited (stock code: 1236) as an executive director, China International Development Corporation Limited (stock code: 264), Narnia (Hong Kong) Group Company Limited (stock code: 8607), Wealth Glory Holdings Limited (stock code: 8269), Rentian Technology Holdings Limited (stock code: 885), Evershine Group Holdings Limited (stock code: 8022) as an independent non-executive director and an independent non-executive director for PanAsialum Holdings Company Limited (stock code: 2078) which is listed on the Stock Exchange. Mr. Leung is currently servicing as an independent non-executive director for Ruixin International Holdings Limited (stock code: 724) and Kelfred Holdings Ltd. (stock code: 1134).

**Mr. Ko Kwok Shu**, aged 52, was appointed as an independent non-executive Director with effect from 14 October 2022. Mr. Ko is currently a practicing solicitor in Hong Kong, a Civil Celebrant of Marriages and a China Appointed Attesting Officer. Mr. Ko graduated from City University of Hong Kong with a Bachelor of Laws degree in 1996 and subsequently obtained a Postgraduate Certificate in Laws from City University of Hong Kong in 1997. Mr. Ko was admitted as a solicitor of Hong Kong in 1999 and is currently a partner at Messrs. Yung, Yu, Yuen & Co., Solicitors and Notaries. Mr. Ko specializes in the areas of civil and commercial litigation, dispute resolution and commercial matters.

# Biographies of Directors and Senior Management

## SENIOR MANAGEMENT

The senior management are responsible for the day-to-day management of the Group's business.

**Mr. Xu Xipeng**, aged 60, is one of the founders of the zipper business of the Group and the elder brother of Mr. Xu Xinan. Mr. Xu holds directorship in various subsidiaries of the Company and Mr. Xu is responsible for the formulation of development strategies and production management of zipper business. Mr. Xu has over 30 years of experience in the zipper industry, especially on the overall management and production supervision.

**Mr. Xu Xinan**, aged 55, is one of the founders of the zipper business of the Group and the younger brother of Mr. Xu Xipeng. Mr. Xu holds directorship in various subsidiaries of the Company and Mr. Xu is responsible for sales and marketing and non-production management work of zipper business. Mr. Xu has over 30 years of experience in the zipper industry especially on the overall management and sales and marketing.

**Ms. Liang Qing**, aged 38, joined the Group in May 2011, is currently responsible for the financial management of the zipper business. Ms. Liang graduated from Hunan University with a bachelor's degree in management in 2010, major in accounting.

**Mr. Lin Sunming**, aged 45, joined the Group in March 2022, is currently the Chief Investment Officer and is responsible for investment and financing management of the Group. Mr. Lin has significant work experience in asset management and liquidity management in both public and private financial markets investments. Before joining the Group, Mr. Lin worked as Chief Investment Officer of China Shipbuilding Capital Limited ("CSCL"), and an Attorney at Law in Shanghai, China. The combination and financial acumen enables Mr. Lin to offer insights into corporate strategy formulation and execution of the Company.

# Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of finished zippers and other garment accessories etc. in China. The Group's major customers are OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well known international apparel labels in China. In September 2023, the Group commenced to provide property management service.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out in note 38 to the consolidated financial statements.

## BUSINESS REVIEW

The business review of the Group during the year, the description of the future business development, and the risks and uncertainties that the Group faces are set out in the Chairman's Statement and Management Discussion and Analysis in this annual report. The particulars of financial risk management of the Group are set out in note 32 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Group's financial summary on page 3 of this annual report.

## FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2025 and the financial position of the Group as at 31 December 2025 are set out in the consolidated financial statements on 67 to 71 of this annual report.

A discussion and analysis of the Group's performance during the year and material factors underlying its results and financial position are set out in the Management Discussion and Analysis of this annual report.

## DIVIDENDS

The Board does not recommend any payment of a final dividend (2024: Nil) in respect of the year 2025 to the Shareholders, primarily to conserve cash resources to support the Group's strategic business developments and working capital requirements. The Board remains committed to enhancing shareholder value and intends to pursue measures such as improving operational efficiency, expanding market presence, and optimising capital allocation.

No arrangement under which a Shareholder has waived or agreed to waive any dividends was made by the Company for the years ended 31 December 2025.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 3 to 6 of this annual report.

## RESERVES

As at 31 December 2025, distributable reserves of the Company amounted to approximately HK\$8.65 million (2024: approximately HK\$31.26 million). Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity shown in the consolidated financial statements on page 70 of this annual report.

# Report of the Directors

## RELATIONSHIP OF STAKEHOLDERS

The Group continues to have the concept of “Do it for you”, we work for employees, shareholders, partners including customers and suppliers and society. To the best knowledge of the Group, employees, customers and partners are the key to have continuous sustainable development. We committed to being people oriented and building up good relationship with employees and partners, and working together with our partners to provide high quality products and services to achieve the goal of sustainable development and contribution to the society.

## ENVIRONMENTAL POLICY AND PERFORMANCE

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility. Details of the environmental policy and performance of the Group are set out in the environmental, social and governance report of this annual report. For the year ended 31 December 2025, the Group did not receive any environmental-related penalty or fines.

## COMPLIANCE WITH RELATED LAW AND REGULATIONS

As far as the Board and management are aware, the Group has complied all related laws and regulations in all material aspects which may have significant impact on the operation of the Group.

## MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases of the Group attributable to its major customers and suppliers respectively for the two financial years were as follows:

	Year ended 31 December	
	2025 % of total turnover	2024 % of total turnover
The largest customer	5.0	28.6
Five largest customers	19.4	45.7

All of the above five largest customers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors, their associates or any Shareholder holding more than 5% of the issued share capital of the Company, has any interest in any of the Group’s five largest customers as disclosed above.

	Year ended 31 December	
	2025 % of total purchase	2024 % of total purchase
The largest supplier	8.2	6.4
Five largest suppliers	21.7	19.7

All of the above five largest suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors, their associates or any Shareholder holding more than 5% of the issued share capital of the Company, has any interest in any of the Group’s five largest suppliers as disclosed above.

# Report of the Directors

## PROPERTY, PLANT, EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

## SHARE CAPITAL

Details of share capital of the Company are set out in note 27 to the consolidated financial statements.

## TAX RELIEF AND EXEMPTION

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

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands where the Company is incorporated.

## 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 during the year ended 31 December 2025.

## DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

### *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

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of Directors and senior management of the Group are set out on pages 50 to 52 of this annual report.

## PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for directors' and officers' liabilities. The permitted indemnity provision is currently in force and was in force throughout the year ended 31 December 2025 in accordance with the definition in section 469 of the Companies Ordinance.

# Report of the Directors

## DIRECTORS' SERVICE CONTRACTS

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

## DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangement or contracts of significance in relation to the Company's business to which the Company, its holding companies or its subsidiaries was a party and in which a Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted as at the end of the year or any time during the year ended 31 December 2025.

## CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year ended 31 December 2025 or at any time during the financial year ended 31 December 2025.

## DIRECTORS' INTEREST 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 year ended 31 December 2025 and up to and including the date of this annual report.

## REMUNERATION POLICY

The remuneration of employees (including Directors and senior management of the Group) is determined with reference to their qualification, expertise and experience in the industry, competence, duties and responsibilities within the Group, the performance and profitability of the Group as well as the market benchmark and the prevailing market conditions. Employees shall also be eligible to receive a discretionary year-end incentive bonus, which shall be determined by the Group at its absolute discretion taking into account, inter alia, the Group's operating performance, market conditions in which the Group operates and the individual's performance, payable at such time as the Group may consider appropriate, and discretionary share options.

None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2025.

## PENSION SCHEME

In the PRC, the Group contributes to social insurance on a monthly basis for its employees. The Group has no further obligation for payment of post-retirement benefits to employees beyond the aforesaid contributions made by the Group.

The Group also participates in mandatory provident fund scheme (the "**MPF Scheme**") in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group and are under the control of an independent trustee. Both the Group and its employees are required to contribute 5% of the employees' monthly salaries. The mandatory contributions required to be made respectively by the Group and an employee are each capped at HK\$1,500 per month. Members are entitled to 100% of the employers' mandatory contributions as soon as they are paid to the MPF Scheme but all benefits derived from the mandatory contributions must be preserved until an employee reaches the retirement age of 65 or in accordance with the rules of the MPF Scheme.

# Report of the Directors

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

## 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 31 December 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%
Wu Cody Zhuo-xuan (note 4)	Interest in controlled corporation	130,897,663	22.78%

Name of Director	Nature of Interest	Number of the 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%
Wu Cody Zhuo-xuan (note 4)	Beneficial Owner	130,897,663	22.78%

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.
- As of 31 December 2025, Mr. Wu Cody Zhuo-xuan was applying for the inheritance of the entire equity interest in Central Eagle Limited in the capacity of a beneficiary of Mr. Wu Jingming's estate.
- The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 31 December 2025.

Save as disclosed above, As at 31 December 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.

# Report of the Directors

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

As at 31 December 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 interested	Approximate percentage of interest
China Sun Corporation (“ <b>China Sun</b> ”) (Note 1)	Beneficial Owner	122,551,035	21.33%
Central Eagle Limited (“ <b>Central Eagle</b> ”) (Note 2)	Beneficial Owner	130,897,663	22.78%
Golden Diamond (Note 3)	Beneficial Owner	26,556,126	4.62%
Dyfed Holdings Limited (“ <b>Dyfed Holdings</b> ”) (Note 4)	Security Interest	287,306,360	50.01%
China CITIC Financial AMC International Holdings Limited (“ <b>CITIC Financial AMC</b> ”) (Note 6)	Security Interest	287,306,360	50.01%
中國中信金融資產管理股份有限公司 (Note 5)	Interest in controlled corporation	287,306,360	50.01%
Chan Ho Yin (Note 6)	Joint and several receivers	149,117,161	25.95%
Li Kin Long Kenny (Note 6)	Joint and several receivers	149,117,161	25.95%

Notes:

1. China Sun is wholly-owned by Mr. Qiu Chuanzhi.
2. Central Eagle is 100%-owned by Mr. Wu Jingming. As of 31 December 2025, Mr. Wu Cody Zhuo-xuan was applying for the inheritance of the entire equity interest in Central Eagle Limited in the capacity of a beneficiary of Mr. Wu Jingming's estate.
3. Golden Diamond is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew.
4. Dyfed Holdings is wholly-owned by CITIC Financial AMC.
5. CITIC Financial AMC is wholly owned by 中國中信金融資產管理股份有限公司.

# Report of the Directors

6. Chan Ho Yin and Li Kin Long Kenny have been appointed Joint and Several Receivers over the Shares held by China Sun and Golden Diamond in favour of Noble Wisdom since 7 October 2021 pursuant to two sets of the Deeds of Appointment of Receivers signed by Noble Wisdom dated 7 October 2021.
7. The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) that 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' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as those disclosed in section headed "Share Option Scheme", at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

## CONNECTED TRANSACTIONS

The details of connected transactions are set out in section headed "Connected Transactions" of the Management Discussion and Analysis.

## OTHER RELATED-PARTY TRANSACTIONS

Details of other related-party transactions entered into by the Group during the year ended 31 December 2025. Our Directors confirm that all related-party transactions during the year ended 31 December 2025 were conducted on normal commercial terms that were reasonable and in the interest of the Group as a whole and none of the related-party transactions as disclosed in note 34 to the consolidated financial statements constitute connected transactions or continuing connected transactions that are subject to announcement, circular, shareholders' approval and/or reporting requirements under Chapter 14A of the Listing Rules.

## SHARE OPTION SCHEME

The Company adopted a New Share Option Scheme (the "**Scheme**"), which was approved in the Company's general meeting on 30 May 2023 with the view to providing incentives or rewards to the eligible participants for their contribution or potential contribution to the Group.

According to the Scheme, the Board may at its discretion grant share options to employee participants, and for the purposes of the Scheme, the offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable).

In general, the maximum number of shares in respect of which options may be granted under the Scheme and under any other share option scheme or share award scheme of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the adoption date i.e. 55,776,480 share options.

The maximum total number of Shares which may be issued upon exercise of all share options to be granted under the Scheme has been reached as of 29 November 2023. No share options granted were subsequently cancelled for the year ended 31 December 2025.

## Report of the Directors

Therefore, (i) the number of options cancelled during the year ended 31 December 2025 was nil; (ii) the number of options available for grant under the Scheme at the beginning of the year ended 31 December 2025 was nil; and (iii) the number of Shares that may be issued in respect of options granted under the Scheme (following the grant of options as disclosed and as of 31 December 2025) divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2025 was 0.097.

The total number of shares issued and which may fall to be issued upon exercise of the Share Options and the share options and share awards granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding share options and share awards but excluding any share options and share awards lapsed in accordance with the terms of the scheme) to each Grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue.

The Directors may in its absolute discretion determine the period during which an option may be exercised, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors, the Scheme shall be valid and effective for a period of 10 years after the date of adoption of the Scheme. The remaining life of the Share Option Scheme is 7 years and 1 month.

The exercise price shall be determined by the Board and must not be less than the highest of (i) the official closing price of the Company's shares on the date of grant, (ii) the average of the official closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share.

The movements of the Company's share option outstanding under the Scheme during the year ended 31 December 2025 are as follows:

Director	Date of Grant	Number of options					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)
		Granted	Lapsed	Exercisable						
				As at 31 December 2025	as at 31 December 2025					
Mr. Yip Siu Lun Dave	29 November 2023	33,465,888	-	33,465,888	22,310,592	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44	
Ms. Cheung Ka Yuen	27 September 2023	5,577,648	-	5,577,648	3,718,432	5 years from 27 September 2023 to 26 September 2028 (both dates inclusive)	1.09	1.05	0.56	

# Report of the Directors

	Date of Grant	Number of options			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)	
		Granted	Lapsed	Exercisable					
				As at 31 December 2025					as at 31 December 2025
<b>Senior Management</b>									
Mr. Lin Sunming	29 November 2023	16,732,944	-	16,732,944	11,155,296	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44

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

Please also refer to Note 28 to the Consolidated Financial Statements in this report for further details of the options granted under the Scheme.

## EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2025, the Company has not entered into the equity-linked agreements, and there was no equity-linked agreement entered into by the Company as at 31 December 2025.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained the required public float for its shares as required under the Listing Rules throughout the year ended 31 December 2025.

## AUDITOR

The consolidated financial statements for the year ended 31 December 2025 and 2024 have been audited by ZSZH (HK) Fuson CPA Limited. ZSZH (HK) Fuson CPA Limited will retire as auditor of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of ZSZH (HK) Fuson CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting. BDO Limited was the Company's auditor for the year ended 31 December 2023.

On behalf of the Board

### Yip Siu Lun Dave

Chairman

Hong Kong, 31 March 2026

# Independent Auditor's Report



## TO THE MEMBERS GILSTON GROUP LIMITED

進騰集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of Gilston Group Limited and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 67 to 147, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**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**”), as applicable to audits of financial statements of public interest entities. We have also 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.

# Independent Auditor's Report

## Key audit matters

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

## Impairment of trade receivables

### The key audit matter

As disclosed in note 21 to the consolidated financial statements, at 31 December 2025, the Group had trade receivables, net of allowance amounting to approximately HK\$44,614,000.

Allowance for trade receivables is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

We identified assessing the impairment of trade receivables as a key audit matter due to its significant to the consolidated financial statements as a whole and the assessment of impairment of trade receivables and recognition of allowance are inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.

### How the matter was addressed in our audit

Our audit procedures in relation to impairment of trade receivables included, among others, the following:

- To understand the Group's assessment process on estimate of expected credit losses;
- To assess, on a sample basis, ageing of the trade receivables;
- To assess the reasonableness of management's allowance estimates by examining the information used by management to form such judgements, including evaluate whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- To review subsequent settlement records on sample basis.

# Independent Auditor's Report

## Other Information

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

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

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

## Responsibilities of the Directors of the Company and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 audit committee is responsible for reviewing and providing supervision over the Group's financial reporting process

# Independent Auditor's Report

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# Independent Auditor's Report

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

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 directors, 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 Ms. Chow Ka Li.

### **ZSZH (HK) Fuson CPA Limited**

*Certified Public Accountants*

#### **Chow Ka Li**

Practising Certificate Number: P07809

Hong Kong, 31 March 2026

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	7	<b>383,101</b>	333,376
Cost of sales		<b>(174,180)</b>	(157,867)
<b>Gross profit</b>		<b>208,921</b>	175,509
Other revenue, gains and losses, net	8	<b>5,376</b>	16,134
Distribution costs		<b>(30,844)</b>	(23,500)
Administrative expenses		<b>(129,327)</b>	(101,077)
(Impairment losses) reversal of impairment losses recognised on trade receivables	32	<b>(789)</b>	371
Finance costs	9	<b>(8,493)</b>	(3,752)
<b>Profit before tax</b>	10	<b>44,844</b>	63,685
Income tax expense	11	<b>(14,579)</b>	(30,781)
<b>Profit for the year</b>		<b>30,265</b>	32,904
<b>Profit for the year attributable to:</b>			
– Equity shareholders of the Company		<b>23,814</b>	32,300
– Non-controlling interests		<b>6,451</b>	604
<b>Profit for the year</b>		<b>30,265</b>	32,904
<b>Earnings per share (HK\$ cents)</b>	15		
Basic		<b>4.1</b>	5.6
Diluted		<b>4.1</b>	5.5

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>Profit for the year</b>	<b>30,265</b>	32,904
<b>Other comprehensive income (expenses) for the year, net of tax Item that may be reclassified subsequently to profit or loss</b>		
– Exchange differences on translation of the financial statements of subsidiaries in the Mainland China	<b>8,118</b>	(5,740)
<b>Total comprehensive income for the year</b>	<b>38,383</b>	27,164
<b>Total comprehensive income for the year attributable to:</b>		
– Equity shareholders of the Company	<b>31,723</b>	26,975
– Non-controlling interests	<b>6,660</b>	189
<b>Total comprehensive income for the year</b>	<b>38,383</b>	27,164

# Consolidated Statement of Financial Position

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	31,824	50,903
Right-of-use assets	17(a)	30,925	64,231
Intangible assets	18	538	680
Investment properties	19	–	17,174
Prepayments and deposits	21	254,203	164,749
Deferred tax assets	26	3,206	7,139
		<b>320,696</b>	304,876
<b>Current assets</b>			
Inventories	20	9,936	36,393
Trade and bill receivables, other receivables, prepayments and deposits	21	54,013	67,048
Amount due from a related party	22	2,093	1,991
Cash and cash equivalents	23	92,316	141,480
		<b>158,358</b>	246,912
Assets classified as held for sale	35	128,232	–
		<b>286,590</b>	246,912
<b>Current liabilities</b>			
Trade and other payables	24	111,245	114,904
Amount due to director	22	10,000	–
Tax payable		45,634	34,814
Bank borrowings	25	8,915	19,082
Lease liabilities	17(b)	5,867	18,914
		<b>181,661</b>	187,714
Liabilities directly associated with assets classified as held for sale	35	91,010	–
		<b>272,671</b>	187,714
<b>Net current assets</b>		<b>13,919</b>	59,198
<b>Total assets less current liabilities</b>		<b>334,615</b>	364,074
<b>Non-current liabilities</b>			
Bank borrowings	25	91,381	95,409
Lease liabilities	17(b)	25,374	72,694
Deferred tax liabilities	26	1,124	3,378
		<b>117,879</b>	171,481
<b>Net assets</b>		<b>216,736</b>	192,593

# Consolidated Statement of Financial Position

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Capital and reserves</b>			
Share capital	27	5,745	5,745
Reserves		209,415	175,121
<b>Total equity attributable to the equity shareholders of the Company</b>		<b>215,160</b>	180,866
<b>Non-controlling interests</b>		<b>1,576</b>	11,727
<b>Total equity</b>		<b>216,736</b>	192,593

The consolidated financial statements from pages 67 to 147 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on behalf of the board by:

**Yip Siu Lun Dave**  
Director

**Wu Cody Zhuo-xuan**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to equity holders of the Company							Sub-total	Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserve*	Statutory reserve*	Exchange reserve*	Share option reserve*	Accumulated losses*			
	HK\$'000	HK\$'000 (note (i) below)	HK\$'000 (note (ii) below)	HK\$'000 (note (iii) below)	HK\$'000 (note (iv) below)	HK\$'000 (note (v) below)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	5,578	213,575	18,324	28,245	(4,057)	11,050	(149,337)	123,378	10,081	133,459
Profit for the year	-	-	-	-	-	-	32,300	32,300	604	32,904
Other comprehensive expense for the year										
Exchange differences arising on translating of foreign operations	-	-	-	-	(5,325)	-	-	(5,325)	(415)	(5,740)
Total comprehensive income (expense) for the year	-	-	-	-	(5,325)	-	32,300	26,975	189	27,164
Placing of new shares, net of expenses	167	19,725	-	-	-	-	-	19,892	-	19,892
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,457	1,457
Share-based compensation	-	-	-	-	-	10,621	-	10,621	-	10,621
Appropriation to statutory reserve	-	-	-	7,102	-	-	(7,102)	-	-	-
As at 31 December 2024 and 1 January 2025	<b>5,745</b>	<b>233,300</b>	<b>18,324</b>	<b>35,347</b>	<b>(9,382)</b>	<b>21,671</b>	<b>(124,139)</b>	<b>180,866</b>	<b>11,727</b>	<b>192,593</b>
Profit for the year	-	-	-	-	-	-	23,814	23,814	6,451	30,265
Other comprehensive income for the year										
Exchange differences arising on translating of foreign operations	-	-	-	-	7,909	-	-	7,909	209	8,118
Total comprehensive income for the year	-	-	-	-	7,909	-	23,814	31,723	6,660	38,383
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(16,811)	(16,811)
Share-based compensation	-	-	-	-	-	2,571	-	2,571	-	2,571
Appropriation to statutory reserve	-	-	-	(1,580)	-	-	1,580	-	-	-
As at 31 December 2025	<b>5,745</b>	<b>233,300</b>	<b>18,324</b>	<b>33,767</b>	<b>(1,473)</b>	<b>24,242</b>	<b>(98,745)</b>	<b>215,160</b>	<b>1,576</b>	<b>216,736</b>

\* The reserves accounts comprise the Group's reserves of HK\$209,415,000 (2024: HK\$175,121,000) in the consolidated statement of financial position.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Notes:

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

According to the Company's Memorandum and Articles of Association, dividends may be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose with the sanction of an ordinary resolution.

(ii) Capital reserve

Capital reserve comprises the following:

- reserves arising prior to and during the reorganisation of the Group during the year ended 31 December 2010;
- reserves arising from the disposal of the Group's 15% equity interests in a subsidiary during the year ended 31 December 2016, to a related entity without losing control in the subsidiary whereby adjustments were made to the amounts of controlling interests – capital reserve and non-controlling interests.

(iii) Statutory reserve

Statutory reserve was established in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC. Transfers to the reserve were approved by the respective board of directors

KEE (Guangdong) and KEE (Zhejiang) Garment Accessories Limited ("**KEE Zhejiang**"), which are wholly foreign owned enterprises established in the PRC, are required to transfer at least 10% of its net profit (after offsetting prior year's losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of these entities. The transfer to this reserve must be made before distribution of dividends to the equity owners.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into paid-up capital provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than HK\$. The reserve is dealt with in accordance with the accounting policy set out in note 4.

(v) Share option reserve

The share option reserve represents the reserve relating to the Company's share option scheme.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>44,844</b>	63,685
<b>Adjustments for:</b>			
Depreciation and amortisation		<b>45,063</b>	25,051
Impairment losses (reversal of impairment losses) recognised on trade receivables		<b>789</b>	(371)
Impairment losses on inventories, net		<b>1,485</b>	500
Interest income		<b>(523)</b>	(1,366)
Interest expenses on borrowings		<b>4,235</b>	200
Interest expenses on lease liabilities		<b>4,258</b>	3,552
Share-based payments		<b>2,571</b>	10,621
(Gain) loss on disposal of property, plant and equipment		<b>(462)</b>	3,861
Bargain gain on acquisition of a subsidiary	40	–	(3,571)
Compensation received		–	(12,494)
<b>Operating profit before working capital changes</b>		<b>102,260</b>	89,668
Decrease (increase) in inventories		<b>59</b>	(9,803)
Increase in trade and bill receivables, other receivables, prepayments and deposits		<b>(8,654)</b>	(50,209)
Increase in amount due from a related party		<b>(102)</b>	(1,991)
Increase in trade and other payables		<b>37,821</b>	12,497
<b>Cash generated from operations</b>		<b>131,384</b>	40,162
Income tax paid		<b>(6,481)</b>	(8,927)
<b>Net cash generated from operating activities</b>		<b>124,903</b>	31,235
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment, including prepayment		<b>(122,156)</b>	(32,625)
Payment for the purchase of intangible assets		–	(279)
Receipt in advance for the disposal of subsidiary	35	<b>4,458</b>	–
Withdrawal (placement) of time deposit with original maturity over 3 months		–	571
Compensation received		–	12,494
Proceeds from disposal of property, plant and equipment		<b>2,141</b>	1,026
Net cash inflow on acquisition of subsidiary	40	–	57,607
Interest received		<b>523</b>	1,366
<b>Net cash (used in) generated from investing activities</b>		<b>(115,034)</b>	40,160

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Financing activities</b>			
Advance from a director		10,000	–
Capital element of lease rental paid		(19,383)	(14,642)
Interest element of lease rental paid		(4,258)	(3,552)
Dividend paid to non-controlling interests of a subsidiary		(16,811)	–
Proceeds from placing of new shares, net of expenses		–	19,892
Proceeds from borrowings		21,748	10,827
Repayment to borrowings		(41,321)	–
Interest paid for bank borrowings		(4,235)	(200)
<b>Net cash (used in) generated from financing activities</b>		<b>(54,260)</b>	12,325
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(44,391)</b>	83,720
<b>Cash and cash equivalents at 1 January</b>		<b>141,480</b>	63,332
<b>Effect of foreign exchange rate changes</b>		<b>(1,397)</b>	(5,572)
<b>Cash and cash equivalents at 31 December</b>		<b>95,692</b>	141,480
<b>Cash and cash equivalents at the end of the year, represented by</b>			
Bank balances and cash as stated in the consolidated statement of financial position	23	92,316	141,480
Bank balances and cash attributable to assets classified as held for sale	35	3,376	–
Cash and cash equivalents at the end of the year		95,692	141,480

# Notes to the Consolidated Financial Statements

31 December 2025

## 1. GENERAL INFORMATION

Gilston Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 July 2010 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 its registered office and its principal place of business are disclosed in the Corporate Information section to the annual 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. Starting from 31 December 2024, the Group commenced its leasing Jiajinlong Car City business.

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

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (CONTINUED)

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7 Amendment to HKFRS 10 and HKAS 28	Contracts Referencing Nature-dependent Electricity <sup>2</sup> Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the application of the amendments to HKFRS Accounting Standards is not expected to have material impact to the Group's consolidated financial statements in the future.

### **HKFRS 18 Presentation and Disclosure in Financial Statements (“HKFRS 18”)**

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements

31 December 2025

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity has power over the investee;

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss

The carrying amount of non-controlling interests that represent present ownership interests in the subsidiaries is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

### Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and the borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than construction in progress, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvement	Over the shorter of the unexpired term of lease and their estimated useful lives of 3 to 10 years
Machinery	5–10 years
Vehicles and other equipment	4–5 years

Construction in progress (“**CIP**”) represents property, plant and equipment under construction and pending installation, and is stated at cost less impairment losses.

Cost comprises direct costs of construction during the construction period. Capitalisation of these costs ceases and the CIP is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially recognised at their fair value at the acquisition date of the subsidiary which are regarded as its cost. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases

#### **Definition of a lease**

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

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

#### **The Group as a lessee**

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Right-of-use assets (Continued)*

The Group presents right-of-use assets that do not meet the definition of “investments properties” as a separate line item on the consolidated statement of financial position while right-of-use assets that meet the definition of “investment properties” are presented within “investments properties”.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under 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.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### **The Group as a lessee (Continued)**

##### *Lease liabilities (Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

##### *Lease modifications*

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### **The Group as a lessor**

##### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *The Group as a lessor (Continued)*

##### *Refundable rental deposits*

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Lease modification*

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

##### *Operating leases*

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### Financial instruments

#### *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is only one measurement category for the Group's debt instruments.

##### *Amortised cost*

Financial assets including rental deposits, trade and other receivables and cash and cash equivalents that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Impairment loss on financial assets*

The Group recognises loss allowances for ECLs on trade receivables and other financial assets measured at amortised cost (including other receivables, rental deposits and cash and cash equivalents). The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and bills receivable using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of another debt financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group takes into account the following information when assessing whether credit risk has increased significantly since initial recognition and assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due irrespective of the outcome of the above assessment.

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Impairment loss on financial assets (Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt 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. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, or (2) the financial asset is more than 90 days past due.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial liabilities*

Financial liabilities at amortised cost including trade and other payables and amount due to a related party. They are initially measured at fair value, net of directly attributable transaction cost incurred. Subsequently, they are measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

### Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- right-of-use assets;
- intangible assets;
- prepayments for property, plant and equipment; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### **Impairment of non-financial assets (Continued)**

#### ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

#### ***Recognition of impairment losses***

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

#### ***Reversals of impairment losses***

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### **Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Employee benefits

#### **Short term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to defined contribution retirement schemes are recognised as an expense in profit or loss as follows:

(a) *Employees of the Group in the People's Republic of China (the "PRC")*

Pursuant to the relevant labour rules and regulations in the PRC, employees of the Group in the PRC participated in the central pension scheme, which is a defined contribution plan administered by the PRC government, whereby the Group is required to make contributions to the central pension scheme based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. Contributions made to the central pension scheme vest immediately.

(b) *Employees of the Group in Hong Kong*

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund scheme of the Group ("**MPF Scheme**"). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

### Share-based payments

When equity settled share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of the reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vested. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance.

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 7(c) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is netted against the asset purchased.

### Translation of foreign currencies

For the purpose of presenting these consolidated financial statements, the Group adopted HK\$ as its presentation currency. The functional currency of the Company and its subsidiaries other than those established in the PRC is HK\$ and the functional currency of the subsidiaries established in the PRC is Renminbi (“RMB”).

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into HK\$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into HK\$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

### Segment reporting

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities 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).
  - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and included:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9, which continue to be measured in accordance with the accounting policies as set out in respective sections.

## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. The Group bases the assumptions and estimates on experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of material accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The material accounting policies are set forth in note 4. The Group believes the following material accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (a) Impairment

#### (i) *Non-financial assets*

The Group reviews the carrying amounts of these assets at the end of each reporting period to determine whether there is indication of impairment. When indication of impairment is identified, management conduct impairment assessment on these non-financial assets by preparing discounted future cash flows to determine whether any previously impairment loss recognised should be reversed or additional impairment loss should be recognised. Such impairment assessment requires significant judgements in estimating the recoverable amount after taking into consideration of the assumptions used in preparation of future cash flows arising from these assets of zipper business. These assumptions included growth rates of sales revenue, gross profit margins and discount rate applied to bring the future cash flows to their present value. Any change in the assumptions adopted in the cash flow forecasts may result in recognition or reversal of impairment loss or increase or decrease impairment loss for the year and affect the Group's net asset value.

#### (ii) *Receivables*

The assessment of impairment losses on financial assets measured at amortised cost is performed based on expected credit losses model in accordance with the accounting policies of the Company. The Group uses judgements and estimates, and makes assumptions and selects inputs as considered appropriate in performing the impairment assessment. Any change in the estimates, assumptions and inputs adopted in the assessment may increase or decrease the impairment loss for the year and affect the Group's net asset value.

### (b) Inventories

The Group's inventories comprise zippers and other related products which are to be sold to original equipment manufacturers ("**OEM**") of clothing brands. The future salability of inventories is subject to changing consumer preferences and fashion trends.

The Group exercises judgment to determine the appropriate level of provisioning for inventory items that may be sold below cost or ultimately written off due to a reduction in demand resulting from unfavorable changes in consumer preferences. This assessment is necessary to prevent the carrying value of inventories from exceeding their net realisable value.

Factors such as current market conditions, historical usage rates, and experience in selling similar goods are considered when estimating provision for inventories. However, the level of provision required may change significantly due to changes in market conditions. Any change in the estimates may increase or decrease the impairment loss for the year and affect the Group's net asset value.

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. SEGMENT REPORTING

The chief operating decision-maker (i.e. “**CODM**”) has been identified as the senior executive management of the Company.

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

As disclosed in note 40, 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 described in note 4.

Senior executive 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 CODM for assessment of segment performance.

Segment assets include all assets with 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 Consolidated Financial Statements

31 December 2025

## 6. 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 years ended 31 December 2024 and 31 December 2025 is set out below:

	<b>Manufacture and Sales of Zippers HK\$'000</b>	<b>Property Investment and Provision of Property Management Services HK\$'000</b>	<b>Total HK\$'000</b>
<b>As of and for the year ended 31 December 2025</b>			
<b>For the year ended 31 December 2025</b>			
Reportable segment revenue	256,919	126,182	383,101
Reportable segment profit	8,919	60,796	69,715
<b>As at 31 December 2025</b>			
Reportable segment assets at end of the year	268,635	316,069	584,704
Reportable segment liabilities at end of the year	183,259	148,234	331,493
<b>As of and for the year ended 31 December 2025</b>			
<i>Other information:</i>			
Depreciation for the year	23,709	3,565	27,274
Amortisation for the year	173	17,616	17,789
Gain on disposal and written off of property, plant and equipment, net	(462)	–	(462)
Additions to non-current segment assets during the year	36,363	540	36,903

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. SEGMENT REPORTING (CONTINUED)

### (a) Business segments (Continued)

	Manufacture and Sales of Zippers HK\$'000	Property Investment and Provision of Property Management Services HK\$'000	Total HK\$'000
<b>As of and for the year ended 31 December 2024</b>			
<b>For the year ended 31 December 2024</b>			
Reportable segment revenue	237,875	95,501	333,376
Reportable segment (loss) profit	(2,989)	91,510	88,521
<b>As at 31 December 2024</b>			
Reportable segment assets at end of the year	246,828	272,810	519,638
Reportable segment liabilities at end of the year	169,315	149,821	319,136
<b>As of and for the year ended 31 December 2024</b>			
<i>Other information:</i>			
Depreciation for the year	24,866	–	24,866
Amortisation for the year	185	–	185
Loss on disposal and written off of property, plant and equipment, net	3,631	–	3,631
Additions to non-current segment assets during the year	35,712	–	35,712
Additions of property, plant and equipment through acquisition of a subsidiary	–	2,402	2,402
Additions of investment properties through acquisition of a subsidiary	–	17,174	17,174

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. SEGMENT REPORTING (CONTINUED)

### (b) Reconciliations of reportable segment revenue, profit or loss and assets

Information regarding the reconciliations of reportable segment revenue, results, assets and liabilities to the consolidated revenue, results, assets and liabilities as of and for the years ended 31 December 2024 and 31 December 2025 is set out below:

	2025 HK\$'000	2024 HK\$'000
<b>For the year ended 31 December</b>		
<b>Revenue</b>		
Reportable segment revenue	383,101	333,376
Elimination of inter-segment revenue	–	–
Consolidated revenue	383,101	333,376
<b>Profit before tax</b>		
Reportable segment profit derived from the Group's external customers	69,715	88,521
Other revenue, gains and losses, net	5,376	16,134
Interests on lease liabilities	(4,258)	(3,552)
Share-based compensation	(2,571)	(10,621)
Unallocated head office and corporate expenses (note below)	(23,418)	(26,797)
Consolidated profit before tax	44,844	63,685
<b>As at 31 December</b>		
<b>Assets</b>		
Reportable segment assets	584,704	519,638
Deferred tax assets	9,612	7,139
Unallocated head office and corporate assets	4,317	5,232
Cash and cash equivalents	8,653	19,779
Consolidated total assets	607,286	551,788
<b>Liabilities</b>		
Reportable segment liabilities	331,493	319,136
Current tax payable	45,634	34,814
Deferred tax liabilities	1,124	3,378
Unallocated head office and corporate liabilities	12,299	1,867
Consolidated total liabilities	390,550	359,195

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. SEGMENT REPORTING (CONTINUED)

### (c) Geographic information

Information about the Group's non-current assets is presented based on the geographical location of the assets is as following:

	2025 HK\$'000	2024 HK\$'000
Mainland China	382,715	287,840
Hong Kong	3,181	6,015
	<b>385,896</b>	293,855

The Group's non-current assets excluding financial assets (i.e. rental deposits) and deferred tax assets (the "Specified Non-current Asset") comprise property, plant and equipment, right-of-use assets, intangible assets, investment properties, prepayments for property, plant and equipment and asset held for sale. The geographical location of the Specified Non-current Assets is based on their physical location. In the case of intangible assets and prepayments for property, plant and equipment, it is based on the location of the operation to which they are allocated.

The Group derives revenue from the transfer of goods sold and service rendered in the following geographical regions as follows:

	2025 HK\$'000	2024 HK\$'000
Mainland China	370,823	319,836
Overseas	12,278	13,540
	<b>383,101</b>	333,376

### (d) Information about major customers

During the year ended 31 December 2025, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

During the year ended 31 December 2024, an individual customer had transactions amounting to HK\$95,501,000 which is exceeding 10% of the Group's revenue and included in the provision of property management services segment is derived from Mainland China.

# Notes to the Consolidated Financial Statements

31 December 2025

## 7. REVENUE

### (a) Disaggregation of revenue from contracts with customers

(i) *The Group derives revenue from the transfer of goods and services by categorise of major product lines and business*

	2025 HK\$'000	2024 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i>Sales of goods:</i>		
Sales of finished zippers and sliders	252,897	235,830
Sales of other related products	4,022	2,045
	<b>256,919</b>	237,875
Property management fee income	<b>13,998</b>	95,501
	<b>270,917</b>	333,376
<b>Revenue within the scope of HKFRS 16</b>		
Rental income	<b>112,184</b>	–
	<b>383,101</b>	333,376

(ii) *The Group derives revenue from the transfer of goods and services by timing of revenue recognition*

	2025 HK\$'000	2024 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i>At a point in time:</i>		
Sales of finished zippers and sliders	252,897	235,830
Sales of other related products	4,022	2,045
	<b>256,919</b>	237,875
<i>Overtime:</i>		
Property management fee income	<b>13,998</b>	95,501
	<b>270,917</b>	333,376

(iii) *The Group derives revenue from the transfer of goods and services by geographical markets*

Information about the Group derives revenue from the transfer of goods and services by geographical markets is set out in note 6.

# Notes to the Consolidated Financial Statements

31 December 2025

## 7. REVENUE (CONTINUED)

### (b) Contract balances

	Notes	At 31 December		At 1 January
		2025 HK\$'000	2024 HK\$'000	2024 HK\$'000
Trade receivables	21	46,462	58,147	59,690
Bills receivable	21	1,251	6,003	6,049
		47,713	64,150	65,739
Less: Impairments		(1,848)	(1,044)	(1,519)
		45,865	63,106	64,220
Unbilled receivable		–	–	34,608
		45,865	63,106	98,828
Contract liabilities	24	1,152	986	1,351

Details of the Group's trade receivables, bills receivable and contract liabilities are set out in respective notes.

### (c) Performance obligations for contracts with customers and revenue recognition policies

The Group is mainly engaged in the manufacturing and sales of zippers and related products, leasing and sub-leasing of properties and provision of property management services.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

#### **Revenue from contracts with customers**

##### (i) *Sale of zippers and related products*

Revenue from sales of zippers and related products is recognised when the customers have obtained control of the goods, being when the goods are delivered to the respective customers' specific locations and have been accepted by the customers, and the corresponding trade or bills receivable are recognised as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. There is generally only one performance obligation. Invoices are usually payable within 30 to 90 days. For certain customers such as new customers, deposits paid in advance are required before goods are delivered.

# Notes to the Consolidated Financial Statements

31 December 2025

## 7. REVENUE (CONTINUED)

### (c) Performance obligations for contracts with customers and revenue recognition policies (Continued)

#### **Revenue from contracts with customers (Continued)**

##### (i) *Sale of zippers and related products (Continued)*

The Group's contracts with customers from the sale of zippers and related products generally do not provide customers a right of return (a right to exchange another product or right to refund in cash). In addition, return of defective products seldom occurs as goods sold to customers generally meet the objective specifications required by customers. Any necessary costs incurred in replacement or rectification of defective goods sold are insignificant to the consolidated financial statements.

##### (ii) *Revenue from provision of property management service*

Revenue from provision of property management service is recognised over time on straight-line basis during the term of agreement as the customer simultaneously receives and consumes the benefits as and when the Group performs.

For the year ended 31 December 2024, the monthly service fee is calculated based on the agreed percentage on the income of the subject property in accordance with the terms and conditions of the agreement. The invoices are issued on monthly basis. For the year ended 31 December 2025, the monthly service is fixed in accordance with the terms and conditions of the agreement.

#### **Revenue from other sources**

##### (i) *Rental income*

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

#### **Other income**

##### (i) *Interest 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.

##### (ii) *Government grants*

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 4 to the consolidated financial statements.

### (d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient to its contracts with customers of both sales of zippers and property management services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. OTHER REVENUE, GAINS AND LOSSES, NET

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue from other sources</b>			
Interest income		523	1,366
Government grants	(a)	1,051	1,161
Relocation compensation income	(b)	–	13,912
Utility income from tenant		1,559	–
		<b>3,133</b>	16,439
<b>Other gains and losses, net</b>			
Net foreign exchange gain (loss)		2,290	(291)
Gain (loss) on disposals and written off of property, plant and equipment, net		462	(3,631)
Bargain gain on acquisition of a subsidiary	(c)	–	3,571
Others		(509)	46
		<b>2,243</b>	(305)
		<b>5,376</b>	16,134

Notes:

(a) Government grants

For the year ended 31 December 2025 and 31 December 2024, government grants granted to certain subsidiaries were mainly VAT tax incentives to enterprises recruiting key groups for employment which include disabled person or people classified as poverty group in China. There were no unfulfilled conditions to receive the grants.

(b) Relocation compensation income

During the year ended 31 December 2024, the vacation of the production base was completed, and the remaining compensation monies of approximately was subsequently received and thus, the Company recognised the entire Relocation compensation monies of as other income which was credited to profit or loss.

(c) Bargain gain on acquisition of a subsidiary

As described in note 39, the Company recognised a bargain gain regarding the capital injection in Shenzhen Jiajinlong during the year ended 31 December 2024.

# Notes to the Consolidated Financial Statements

31 December 2025

## 9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest in bank borrowing	4,235	200
Interest in lease liabilities	4,258	3,552
	<b>8,493</b>	3,752

## 10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2025 HK\$'000	2024 HK\$'000
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	110,089	102,904
Contributions to defined contribution retirement plans	18,840	17,596
Share-based compensation	2,571	10,621
	<b>131,500</b>	131,121
Depreciation and amortisation on:		
– Property, plant and equipment	12,652	13,427
– Intangible assets	173	185
– Right-of-use assets	14,622	11,439
– Investment property	17,616	–
	<b>45,063</b>	25,051
Auditors' remuneration		
– Audit services	1,300	1,200
– Other services	550	1,200
	<b>1,850</b>	2,400
Cost of inventories sold and cost of services	174,180	157,867
<i>Including impairment loss on inventories</i>	1,485	500
Gross rental income from investment properties	112,184	–
Less: Outgoing in respect of investment properties that generated rental income during the year	(24,119)	–
	<b>88,065</b>	–
Research and development expenses	22,032	15,731

# Notes to the Consolidated Financial Statements

31 December 2025

## 11. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
<b>PRC corporate income tax</b>		
– Provision for the year	18,324	29,552
<b>Withholding income tax</b>	623	4,018
<b>Deferred tax</b>		
Reversal of temporary differences	(4,368)	(2,789)
	14,579	30,781

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%.

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 PRC statutory corporate income tax rate applicable to the Company’s other subsidiaries in Mainland China is 25%.

The Group is subject to PRC withholding tax of 10% on the gross income including dividend from its PRC subsidiaries to the Hong Kong subsidiaries. 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 31 December 2025 and 31 December 2024, deferred tax liability recognised in this regard was HK\$1,124,000 (2024:HK\$1,124,000). For other type of income, the Hong Kong subsidiaries are subject to 10% tax rate.

# Notes to the Consolidated Financial Statements

31 December 2025

## 11. INCOME TAX EXPENSE (CONTINUED)

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

	2025 HK\$'000	2024 HK\$'000
Profit before tax	<b>44,844</b>	63,685
Notional tax charge on loss before taxation calculated at the rates applicable to the respective jurisdictions	<b>13,486</b>	19,583
Effect of non-deductible expenses	<b>5,313</b>	9,175
Effect of non-taxable income	<b>(60)</b>	(1,043)
Utilisation of tax loss previously not recognised	–	(2,387)
Effect of tax losses not recognised	<b>286</b>	5,168
Effect of prevailing tax rate	<b>415</b>	120
Withholding tax for dividend declared	<b>623</b>	4,018
Other*	<b>(5,484)</b>	(3,853)
Income tax expenses	<b>14,579</b>	30,781

\* It represents the tax effect arising from additional tax allowance in relation to research and development expenses of PRC Enterprise Income Tax.

# Notes to the Consolidated Financial Statements

31 December 2025

## 12. DIRECTORS' EMOLUMENTS

The directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Directors' fees	Share-based payments	Salaries, allowances and benefits in kind	Performance bonus	Retirement scheme contribution	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 December 2024</b>						
<b>Executive directors:</b>						
Yip Siu Lun Dave ( <i>Chairman</i> ) ( <b>Mr. Yip</b> )	–	6,373	5,374	–	18	11,765
Wu Cody Zhuo-xuan	–	–	1,950	–	18	1,968
Mak Yung Pan Andrew	–	–	240	–	12	252
Cheung Ka Yuen	–	1,062	1,560	–	18	2,640
<b>Non-executive directors:</b>						
Lin Ping	–	–	–	–	–	–
<b>Independent non-executive directors:</b>						
Leung Ka Tin	240	–	–	–	–	240
Cheng Hong Kei	240	–	–	–	–	240
Ko Kwok Shu	240	–	–	–	–	240
Liew Fui Kiang (retired on 21 June 2024)	120	–	–	–	–	120
	840	7,435	9,124	–	66	17,465

# Notes to the Consolidated Financial Statements

31 December 2025

## 12. DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fees	Share-based payments	Salaries, allowances and benefits in kind	Performance bonus	Retirement scheme contribution	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 December 2025</b>						
<b>Executive directors:</b>						
Mr. Yip	-	1,542	5,064	-	18	6,624
Wu Cody Zhuo-xuan	-	-	1,800	-	18	1,818
Mak Yung Pan Andrew	-	-	240	-	12	252
Cheung Ka Yuen	-	257	1,440	-	18	1,715
<b>Non-executive directors:</b>						
Lin Ping	-	-	-	-	-	-
<b>Independent non-executive directors:</b>						
Leung Ka Tin	240	-	-	-	-	240
Cheng Hong Kei	240	-	-	-	-	240
Ko Kwok Shu	240	-	-	-	-	240
	<b>720</b>	<b>1,799</b>	<b>8,544</b>	<b>-</b>	<b>66</b>	<b>11,129</b>

There were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as a compensation for loss of office during both years. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group for both years. The non-executive and the independent non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable for both years.

The Group provides other non-monetary benefits (i.e. accommodation) to Mr. Yip. During the year ended 31 December 2025 depreciation of right-of-use assets in relation to these non-monetary benefits amounted to HK\$402,000 (2024:HK\$402,000). The estimated money value of a leased property for the directors' quarters is HK\$504,000 (2024: HK\$504,000).

# Notes to the Consolidated Financial Statements

31 December 2025

## 13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Salaries and other emoluments	<b>6,000</b>	6,536
Share-based payments	<b>771</b>	3,186
Discretionary bonuses	<b>8,100</b>	6,452
Retirement scheme contributions	<b>54</b>	54
	<b>14,925</b>	16,228

The emoluments of the three (2024: three) individuals with the highest emoluments are within the following bands:

	<b>Number of employees</b>	
	<b>2025</b>	2024
HK\$1,500,001 to HK\$2,500,000	<b>1</b>	–
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,500,001 to HK\$6,000,000	–	2
HK\$6,000,001 to HK\$7,000,000	<b>2</b>	–
	<b>3</b>	3

There was no arrangement under which five highest paid individuals waived or agreed to waive any remuneration during the years ended 31 December 2025 and 31 December 2024. In addition, there was no inducement paid for five highest paid individuals to join the Group and no compensation for the loss of office in connection with the management of the affairs of any member of the Group for both years.

# Notes to the Consolidated Financial Statements

31 December 2025

## 14. DIVIDENDS

No dividends were paid, declared or proposed for the years ended 31 December 2025 and 31 December 2024, nor has any dividend been proposed since the end of the reporting periods.

## 15. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Profit for the year attributable to equity shareholders of the Company	<b>23,814</b>	32,300

  

	<b>Number of shares ('000)</b>	
	<b>2025</b>	2024
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>574,498</b>	573,675
Effect of dilutive potential ordinary shares – Options	<b>12,373</b>	12,126
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>586,871</b>	585,801

# Notes to the Consolidated Financial Statements

31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT

	Machinery HK\$'000	Vehicles and other equipment HK\$'000	Leasehold improvement HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>Cost</b>					
As at 1 January 2024	131,872	14,916	24,533	812	172,133
Additions	16,366	1,761	–	17,594	35,721
Additions through acquisition of a subsidiary	–	2,402	–	–	2,402
Disposals and written off	(71,510)	(6,016)	(4,351)	(962)	(82,839)
Reclassification	9,338	31	–	(9,369)	–
Exchange adjustments	(4,182)	(393)	(813)	(199)	(5,587)
At 31 December 2024 and 1 January 2025	<b>81,884</b>	<b>12,701</b>	<b>19,369</b>	<b>7,876</b>	<b>121,830</b>
Additions	<b>970</b>	<b>2,051</b>	<b>–</b>	<b>33,882</b>	<b>36,903</b>
Disposals and written off	<b>(1,286)</b>	<b>(10)</b>	<b>–</b>	<b>(1,138)</b>	<b>(2,434)</b>
Reclassification	<b>25,127</b>	<b>80</b>	<b>–</b>	<b>(25,343)</b>	<b>(136)</b>
Transfer to asset held for sale	<b>(73,978)</b>	<b>(4,347)</b>	<b>(1,158)</b>	<b>(7,749)</b>	<b>(87,232)</b>
Exchange adjustments	<b>4,771</b>	<b>506</b>	<b>913</b>	<b>587</b>	<b>6,777</b>
At 31 December 2025	<b>37,488</b>	<b>10,981</b>	<b>19,124</b>	<b>8,115</b>	<b>75,708</b>
<b>Accumulated depreciation and impairment losses</b>					
As at 1 January 2024	103,550	11,919	23,363	360	139,192
Charge for the year	11,797	900	730	–	13,427
Elimination on disposals and written off	(66,966)	(6,005)	(4,351)	(176)	(77,498)
Exchange adjustments	(2,892)	(270)	(1,022)	(10)	(4,194)
At 31 December 2024 and 1 January 2025	<b>45,489</b>	<b>6,544</b>	<b>18,720</b>	<b>174</b>	<b>70,927</b>
Charge for the year	<b>9,004</b>	<b>3,363</b>	<b>285</b>	<b>–</b>	<b>12,652</b>
Elimination on disposals and written off	<b>(750)</b>	<b>(5)</b>	<b>–</b>	<b>–</b>	<b>(755)</b>
Reclassification	<b>–</b>	<b>–</b>	<b>–</b>	<b>(136)</b>	<b>(136)</b>
Transfer to asset held for sale	<b>(38,210)</b>	<b>(3,150)</b>	<b>(1,158)</b>	<b>–</b>	<b>(42,518)</b>
Exchange adjustments	<b>2,540</b>	<b>299</b>	<b>913</b>	<b>(38)</b>	<b>3,714</b>
At 31 December 2025	<b>18,073</b>	<b>7,051</b>	<b>18,760</b>	<b>–</b>	<b>43,884</b>
<b>Carrying amount</b>					
At 31 December 2025	<b>19,415</b>	<b>3,930</b>	<b>364</b>	<b>8,115</b>	<b>31,824</b>
At 31 December 2024	36,395	6,157	649	7,702	50,903

# Notes to the Consolidated Financial Statements

31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis on the following bases:

	<b>Useful lives</b>
Machinery	5 to 10 years
Vehicles and other equipment	4 to 5 years
Leasehold improvement	Over the shorter of the unexpired term of lease and their estimated useful lives of 3 to 10 years

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (a) The Group as lease

#### *Nature of leasing activities (in the capacity as lessee)*

The Group leases certain properties in the jurisdictions from which it operates. All of the property leases' periodic rents are fixed over the lease term.

- (i) The movements of right-of-use assets and lease liabilities during the years ended 31 December 2025 and 31 December 2024 are set out below:

	<b>Right-of-use assets</b>	<b>Lease liabilities</b>
	HK\$'000	HK\$'000
As at 1 January 2024	39,859	72,009
Depreciation	(11,439)	–
Interest expense	–	3,552
Modification of leases arising from early renewal of leases	37,809	37,438
Payment of lease liabilities	–	(18,194)
Exchange adjustments	(1,998)	(3,197)
As at 31 December 2024 and 1 January 2025	<b>64,231</b>	<b>91,608</b>
Depreciation	<b>(14,622)</b>	–
Interest expense	–	<b>4,258</b>
Payment of lease liabilities	–	<b>(23,641)</b>
Transfer to asset classified as held for sale/liabilities directly associated with assets classified as held for sale	<b>(21,476)</b>	<b>(45,072)</b>
Exchange adjustments	<b>2,792</b>	<b>4,088</b>
As at 31 December 2025	<b>30,925</b>	<b>31,241</b>

The right-of-use assets represented land and buildings leased for own use carried at costs less accumulated depreciation and impairment losses.

There has no gain or loss arising relating to the modification of leases arising from early renewal of leases for the year ended 31 December 2024.

# Notes to the Consolidated Financial Statements

31 December 2025

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

### (a) The Group as leasee (Continued)

#### *Nature of leasing activities (in the capacity as lessee) (Continued)*

- (ii) An analysis of the future lease payments as at 31 December 2025 and 31 December 2024 are due as follows:

	Present value	
	2025 HK\$'000	2024 HK\$'000
Not later than one year	5,867	18,914
Later than one year and not later than two years	6,138	15,892
Later than two years and not later than five years	19,236	50,327
After five years	–	6,475
	<b>31,241</b>	91,608
Analysed as:		
– Current	5,867	18,914
– Non-current	25,374	72,694
	<b>31,241</b>	91,608
(iii) Other information:		
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Expense relating to short-term leases	493	3,983
Total cash outflow for leases	24,134	22,177

### (b) The Group as lessor

#### *Operating lease commitment for leasing of the Car City*

	2025 HK\$'000	2024 HK\$'000
Undiscounted lease payments receivable on leases are as follows:		
– Within one year	107,632	62,827
– One year to two years	98,195	–
– Two years to three years	59,023	–
– Over three years	44,260	–
	<b>309,110</b>	62,827

# Notes to the Consolidated Financial Statements

31 December 2025

## 18. INTANGIBLE ASSETS

	<b>Software</b> HK\$'000
<b>Cost</b>	
As at 1 January 2024	9,383
Additions	279
Exchange adjustments	(376)
At 31 December 2024 and 1 January 2025	<b>9,286</b>
Additions	–
Exchange adjustments	<b>475</b>
At 31 December 2025	<b>9,761</b>
<b>Accumulated amortisation and impairment losses</b>	
As at 1 January 2024	8,769
Amortisation for the year	185
Exchange adjustments	(348)
At 31 December 2024 and 1 January 2025	<b>8,606</b>
Amortisation for the year	<b>173</b>
Exchange adjustments	<b>444</b>
At 31 December 2025	<b>9,223</b>
<b>Carrying amount</b>	
At 31 December 2025	<b>538</b>
At 31 December 2024	680

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Computer software is amortised from the date it is available for use and its estimated useful life is 5 to 10 years.

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements

31 December 2025

## 19. INVESTMENT PROPERTIES

HK\$'000

### Investment properties – Right-of-use assets

#### Cost

At 1 January 2024	–
Acquisition of a subsidiary	17,174

As at 31 December 2024 and 1 January 2025	<b>17,174</b>
Exchange adjustments	<b>879</b>

At 31 December 2025	<b>18,053</b>
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#### Accumulated amortisation

As at 1 January 2024, 31 December 2024 and 1 January 2025	–
Charged for the year	<b>17,616</b>
Exchange adjustments	<b>437</b>

At 31 December 2025	<b>18,053</b>
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#### Carrying amount

At 31 December 2025	–
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At 31 December 2024	17,174
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The investment properties represent the leased Jiainlong Car City properties which was being recognised as right-of use assets and subleased by the Group to tenants under operating leases.

The investment property represents i) the right of use asset for the prepaid lease payment of the right to use the land located in Shenzhen which shall expire on 29 June 2025 and such right may or may not be renewed and ii) the construction cost incurred. Up to the date of this report, the renewal of the right to use the land is still under process and is pending for the results of renewal from the government authorities. The granting of the renewal of the right to use the land is subject to the town planning, policy and discretion of the relevant government authorities and as at the date of this report, the subsidiary has not encountered or does not foresee any material obstacle in obtaining approval for the renewal of the right to use the land, however, there is no assurance that the application will be successful. Accordingly, the fair value of investment properties initially recognised had taken into account the lease periods of leases would be ended in 2025. In addition, the original shareholders also undertook to indemnify 深圳市爾瑞投資有限公司 (Shenzhen Errui Investment Co., Ltd., “Shenzhen Errui”) and the Shenzhen Jiainlong for any losses and damages they may suffer or incur as a result of or in connection with the right to use the land and the properties. For the details, please refer to the circular of the Company dated 22 November 2024.

# Notes to the Consolidated Financial Statements

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## 19. INVESTMENT PROPERTIES (CONTINUED)

On 29 August 2025, a second supplemental entrustment agreement was entered into between Shenzhen Daxin, Shenzhen Nantoucheng, Shenzhen Tianxia and Shenzhen Anle 13 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) (“**Shenzhen Jiajinlong**”) and Shenzhen Anle Liandui (the “**Second Supplemental Entrustment Agreement**”), pursuant to which 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.

Pursuant to the Second Supplemental Entrustment Agreement, the Lessees have further affirmed its agreement in the Supplemental Entrustment Agreement that Shenzhen Jiajinlong is the sole party responsible for the management and operation of Jiajinlong Car City and solely entitled to the operating profit thereof and its entitlement after renewal of the right to use the Land. The Lessees have also confirmed in the Second Supplemental Entrustment Agreement its authorization to Shenzhen Jiajinlong, among others, (i) to negotiate with the Nanshan Reform Office for the renewal of the right to use the Land, and amendments to the Land Lease Agreement, including without limitation adjustments to the original lease term and stipulations regarding construction/approval matters for the Jiajinlong Car City, so as to align with the new lease term and the actual circumstances of the Jiajinlong Car City, and (ii) to discuss with the Nanshan Reform Office and/or the relevant government authorities for the renewal of the right to use the Land for the Jiajinlong Car City. If the right to use the Land for Jiajinlong Car City is renewed, Shenzhen Jiajinlong (and its shareholder) shall be solely entitled for the entrustment to invest, improve its infrastructure, manage and operate the Jiajinlong Car City on the terms and conditions of the Land Entrustment Agreement (as supplemented), so as to ensure that Shenzhen Jiajinlong’s operating returns will not be affected. For further details, please refer to the announcement of the Company dated 29 August 2025.

Such extension was granted at nil consideration.

Up to the date of this report, the renewal of Land is not yet completed.

The investment properties acquired in a business combination are recognised separately and are initially recognised at their fair value at the acquisition date which are regarded as its cost and subsequently at cost after depreciation over the lease term and impairment, if any. They are attributable to the Group’s Property Investment and Provision of Property Management Services business segment.

The Group’s investment properties are depreciated on a straight-line basis on the following bases:

Leasehold properties

Over the term of the lease

## 20. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	1,242	11,966
Work in progress	7,204	23,227
Finished goods	1,490	1,200
	<b>9,936</b>	36,393

# Notes to the Consolidated Financial Statements

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## 21. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Notes	2025 HK\$'000	2024 HK\$'000
Trade receivables	(a)	46,462	58,147
Bills receivable		1,251	6,003
		<b>47,713</b>	64,150
Less: Impairments		<b>(1,848)</b>	(1,044)
Contract receivables balances		<b>45,865</b>	63,106
Prepayments relating to:			
– Property, plant and equipment	(b)	3,379	1,852
– Investment properties	(c)	250,740	159,015
– Other prepayments		6,361	3,106
		<b>260,480</b>	163,973
Rental deposits		84	3,882
Others		1,787	836
		<b>308,216</b>	231,797
Analysed as:			
– Current		54,013	67,048
– Non-current		254,203	164,749
		<b>308,216</b>	231,797

# Notes to the Consolidated Financial Statements

31 December 2025

## 21. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

Notes:

- (a) Contract receivables balances

Trade receivables and bills receivable are in general due within 30–90 days from the date of billing.

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivables based on the invoice date and net of allowance for impairment, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	14,302	24,060
Over 1 month but within 2 months	15,670	20,174
Over 2 months but within 3 months	7,591	8,902
Over 3 months	8,302	9,970
	<b>45,865</b>	63,106

The Group recognised impairment loss based on the accounting policy stated in note 4.

Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 32(b).

- (b) Prepayments relating to property, plant and equipment

The amount represents the prepayments for the acquisition of property, plant and equipment regarding to its Manufacture and Sales of Zippers business segment.

- (c) Prepayments relating to Jiajinlong Car City properties

During the year ended 31 December 2025, the Company paid refundable prepayment of an aggregate of approximately HK\$250,740,000 (2024: HK\$159,015,000) relating to the enhancement and development of Jiajinlong Car City to independent parties. In accordance with the agreement, if the lease of the Land cannot be renewed/ extended, the prepayment will be fully refunded.

## 22. AMOUNT DUE FROM A RELATED PARTY AND AMOUNT DUE TO A DIRECTOR

As at 31 December 2025 and 31 December 2024, the amount due from a related party represents the unsecured balance due from a company controlled by a director of a subsidiary, which is interest free and repayable on demand. The amount was the rental deposits should be refunded to the Group upon the expiry of the lease but not yet refunded. Up to the date of this report, the amount are fully settled.

As at 31 December 2025, the amount due to a director is interest free, unsecured and with no repayment term.

# Notes to the Consolidated Financial Statements

31 December 2025

## 23. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	92,316	141,480
Time deposit with original maturity over 3 months	–	–
Cash at banks and in hand	92,316	141,480

As at 31 December 2025, Cash at banks and in hand in the amount of HK\$82,824,000 (2024: HK\$114,764,000) were denominated in RMB and were deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government

## 24. TRADE AND OTHER PAYABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Trade payables	(a)	3,545	12,869
Payroll and staff benefits payable		29,732	33,392
Accrued expenses		21,593	20,613
Receipt in advance for the Disposal of KEE Hubei (as described and defined in note 35)		4,458	–
Payables for purchase of property, plant and equipment		6,588	3,010
Other tax payables		7,400	8,434
Contract liabilities	(b)	1,152	986
Other payables		2,210	2,180
Deposit from tenants		32,473	31,916
Amount due to non-controlling interests	(c)	558	–
Receipt in advance under HKFRS 16		1,536	1,504
		<b>111,245</b>	114,904

# Notes to the Consolidated Financial Statements

31 December 2025

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

(a) Trade payables

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	981	4,409
Over 1 month but within 3 months	1,887	6,414
Over 3 months but within 6 months	508	697
Over 6 months	169	1,349
	<b>3,545</b>	12,869

(b) Contract liabilities

The contract liabilities represent advanced considerations received from customers before goods sold to customers. The contract liabilities are expected to be recognised as revenue within one year from date of inception of respective contracts. The movements of the contract liabilities are set out below.

The movements in contract liabilities during the years ended 31 December 2025 and 31 December 2024 are as following:

	2025 HK\$'000	2024 HK\$'000
Balance as at 1 January	986	1,351
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(988)	(1,326)
Increase in contract liabilities as a result of receipts in advance from customers during the year	1,153	1,007
Transfer to liabilities related to assets classified as held for sale	(6)	–
Exchange adjustments	7	(46)
Balance as 31 December	<b>1,152</b>	986

The Group has applied the practical expedient to its contracts with customers of both sales of zippers and property management services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

(c) Amount due to non-controlling interests

The amount is unsecured, interest-free and with no repayment term.

# Notes to the Consolidated Financial Statements

31 December 2025

## 25. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
At amortised cost:		
Bank borrowings	<b>100,296</b>	114,491
<b>The carrying amounts of the borrowings are repayable:</b>		
Within one year	<b>8,915</b>	19,082
Within a period of more than one year but not exceeding two years	<b>8,915</b>	8,481
Within a period of more than two years but not exceeding five years	<b>32,318</b>	26,502
Within a period of more than five years	<b>50,148</b>	60,426
	<b>100,296</b>	114,491
Less: Amount due within one year shown under current liabilities	<b>(8,915)</b>	(19,082)
	<b>91,381</b>	95,409

The bank borrowings are classified as financial liabilities at amortised cost.

As at 31 December 2024, included in the balance amounting to HK\$10,601,000 is unsecured and carries fixed interest at 3.5%.

As at 31 December 2025, the balance amounting to HK\$100,296,000 (2024: HK\$103,890,000) 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.

## 26. DEFERRED TAX ASSETS AND LIABILITIES

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

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	<b>3,206</b>	7,139
Deferred tax liabilities	<b>(1,124)</b>	(3,378)
	<b>2,082</b>	3,761

# Notes to the Consolidated Financial Statements

31 December 2025

## 26. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Deferred tax assets -		Deferred tax liabilities -				Total HK\$'000
	Unrealised profit or loss arising from intra-group transactions HK\$'000	Depreciation and impairment losses on non-financial assets HK\$'000	Fair value change on investment properties HK\$'000	Provisions HK\$'000	PRC dividend withholding tax HK\$'000		
As at 1 January 2024	158	1,099	-	3,265	(1,124)	3,398	
(Charged) credited to consolidated statement of profit or loss	143	286	-	2,360	-	2,789	
Acquisition of a subsidiary	-	(2,355)	102	-	-	(2,253)	
Exchange adjustments	(7)	(34)	-	(132)	-	(173)	
At 31 December 2024 and 1 January 2025	<b>294</b>	<b>(1,004)</b>	<b>102</b>	<b>5,493</b>	<b>(1,124)</b>	<b>3,761</b>	
(Charged) credited to consolidated statement of profit or loss	(215)	2,759	(105)	1,929	-	4,368	
Transfer to asset classified as held for sale/liabilities	(5)	(1,633)	-	(4,768)	-	(6,406)	
Exchange adjustments	10	17	3	329	-	359	
At 31 December 2025	<b>84</b>	<b>139</b>	<b>-</b>	<b>2,983</b>	<b>(1,124)</b>	<b>2,082</b>	

### Deferred tax assets not recognised

In accordance with the accounting policy set out in note 4, the Group has not recognised deferred tax assets in respect of the amount of estimated cumulative tax losses of HK\$41,261,000 (2024: HK\$63,950,000) as it may not be probable that future taxable profits against which the losses can be utilised will be available in the relevant entities. The unused tax losses of approximately HK\$41,261,000 (2024: HK\$39,528,000) are subject to agreement by the Inland Revenue Department and can be carried forward indefinitely, while the remaining unused tax losses of approximately HK\$ nil (2024: HK\$9,629,000) and HK\$ nil (2024: HK\$14,793,000) will expire in five years and ten years from respective dates of incurrence.

# Notes to the Consolidated Financial Statements

31 December 2025

## 26. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

### Deferred tax liabilities not recognised

At 31 December 2025, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK\$120,381,000 (2024: HK\$168,644,000). Deferred tax liabilities relating to a portion of these temporary differences amounting to HK\$6,019,000 (2024: HK\$8,432,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

## 27. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	2,000,000	20,000
<b>Ordinary shares, issued and fully paid:</b>		
As at 1 January 2024	557,765	5,578
Placing of new shares	16,733	167
As at 31 December 2024, 1 January 2025 and 31 December 2025	574,498	5,745

Pursuant to the Company's announcement dated 4 January 2024, at the same date, the Company entered into the placing agreement (the "**Placing Agreement**") with the placing agent (the "**Placing Agent**") pursuant to which the Placing Agent agreed to place up to 16,733,000 new shares (the "**Placing Shares**") at the placing price (the "**Placing Price**") of HK\$1.21 per Placing Share (the "**Placing**").

The Placing Shares were allotted and issued under the general mandate granted to the directors by the Shareholders at the annual general meeting of the Company held on 27 June 2023.

Pursuant to the Company's announcement dated 19 January 2024, the Company announced that all conditions to the Placing Agreement have been fulfilled and completion of the Placing took place on 19 January 2024.

A total of 16,733,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placées at the Placing Price of HK\$1.21 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing approximately 2.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion.

# Notes to the Consolidated Financial Statements

31 December 2025

## 27. SHARE CAPITAL (CONTINUED)

The net proceeds from the Placing amounted to approximately HK\$19.9 million.

The Placing Shares, shall rank pari passu in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Saved as disclosed above, there were no movements of the authorised and issued share capital of the Company for the year ended 31 December 2025 and 31 December 2024.

## 28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the shareholders' resolutions passed on 30 May 2023, the Company adopted a new share option scheme (the "**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 Consolidated Financial Statements

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## 28. 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
<b>Executive director</b>			
Mr. Yip Siu Lun Dave ("Mr. Yip")	5 years from 29 November 2024 to 28 November 2028 (both dates inclusive)	HK\$1.09	33,465,888
Ms. Cheung Ka Yuen ("Ms. Cheung")	5 years from 27 November 2024 to 26 November 2028 (both dates inclusive)	HK\$1.09	5,577,648
<b>Senior management</b>			
Mr. Lin Sunming ("Mr. Lin")	5 years from 29 November 2024 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:

### (i) Options I

Name of grantee	Number of Share options (Collectively "Options I)	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.

# Notes to the Consolidated Financial Statements

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## 28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (ii) Options II

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.

### (iii) Options III

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.

# Notes to the Consolidated Financial Statements

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## 28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

\* Before recognition of share-based payments

### Clawback Mechanism

Save for the early termination events as set out in the Scheme, which are applicable to all the grantees, the share options shall lapse if a grantee ceases to be an employee of the Company by reason of (i) termination of the grantee's employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement, or (ii) termination of the grantee's employment or contractual engagement with the Group by reason of redundancy, any outstanding share options (to the extent not already exercised) shall immediately lapse, unless the Board of directors of the Company determines otherwise at their absolute discretion

The exercise price of options outstanding at 31 December 2025 is HK\$1.09 (2024: HK\$1.09) and their weighted average remaining contractual life was 2.9 years (2024: 3.9 years).

Of the total number of options outstanding of 55,776,480 (2024: 55,776,480) at 31 December 2025, 37,184,320 (2024: none) of the options had vested and were exercisable.

The fair value of the share options at their respective dates of grant amounted to HK\$25,099,000. The weighted average fair value of each option granted during the year was approximately HK\$0.45.

The following information is relevant in the determination of the fair value of options granted during the year ended 31 December 2023 under the Scheme operated by the Group.

# Notes to the Consolidated Financial Statements

31 December 2025

## 28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### Clawback Mechanism (Continued)

#### Equity-settled

Option pricing model used	Binomial lattice
Weighted average share price at grant date	HK\$0.94
Exercise price, subject to adjustment	HK\$1.09
Expected volatility	65%
Expected dividend growth rate	0%
Risk-free interest rate	4%

The Group did not enter into any share-based payment transactions with parties other than the employees aforementioned during the current or previous year.

The share-based payments of HK\$2,571,000 (2024: HK\$10,621,000) recognised during the year ended 31 December 2025 were included in key management personnel compensation.

## 29. DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (the “**Ordinance**”). The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately upon the completion of service in the relevant service period. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

The Group’s PRC subsidiaries also participate in defined contribution retirement schemes covering its full-time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

# Notes to the Consolidated Financial Statements

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## 30. COMMITMENTS

Capital commitments outstanding at 31 December 2025 and 31 December 2024 not provided for in the consolidated financial statements were as follows:

	2025 HK\$'000	2024 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and Equipment contracted for but not provided in the consolidated financial statements	<b>20,988</b>	36,708

## 31. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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.

The Group's strategy, is to maintain the adjusted net debt-to-capital ratio (i.e. lease liabilities and bank borrowings less cash and cash equivalents over total equity) below 20%. As at 31 December 2025, the adjusted net debt-to-capital ratio is 18% (2024: 34%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The Group's financial instruments at the end of reporting period were analysed as below:

	2025 HK\$'000	2024 HK\$'000
<b>Financial asset</b>		
Financial assets at amortised costs		
Trade and other receivables	47,652	63,942
Cash and cash equivalents	92,316	141,480
Amount due from related parties	2,093	1,991
Rental deposits (non-current)	84	3,882
	<b>142,145</b>	211,295
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables	100,600	103,980
Bank borrowing	100,296	114,491
Amount due to a director	10,000	–
	<b>210,896</b>	218,471
<b>Lease liabilities</b>	<b>31,241</b>	91,608

The carrying amounts of the Group's financial instruments were not materially different from their fair values as at the end of respective reporting periods.

# Notes to the Consolidated Financial Statements

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable and other debtors and rental deposits. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies for which the Group considers to have low credit risk.

#### *Trade debtors and bills receivable*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore certain concentration of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 37.5% (2024: 26.4%) of the total trade receivables from sales of zippers and related products were due from the Group's five largest customers (exclude bill receivable).

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30–90 days from the date of billing. Debtors with balances that are past due are usually requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade debtors and bills receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customers which are primary customers of zipper segment from Mainland China, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### (i) Credit risk (Continued)

Trade debtors and bills receivable (Continued)

The following tables provide information about the Group's exposure to credit risk and ECLs for trade debtors and bills receivable as at 31 December 2025 and 31 December 2024:

	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
<b>As at 31 December 2024</b>			
Bills receivable	0.00%	6,003	–
Current (not past due)	0.03%	34,463	9
1–30 days past due	0.03%	10,768	3
31–60 days past due	0.02%	4,136	1
61–90 days past due	0.04%	2,661	1
91–360 days past due	0.95%	5,138	49
More than 360 days past due	100.00%	981	981
		64,150	1,044
<b>As at 31 December 2025</b>			
Bills receivable	<b>0.00%</b>	<b>1,251</b>	<b>–</b>
Current (not past due)	<b>0.10%</b>	<b>30,910</b>	<b>31</b>
1–30 days past due	<b>0.10%</b>	<b>7,123</b>	<b>7</b>
31–60 days past due	<b>0.10%</b>	<b>3,913</b>	<b>4</b>
61–90 days past due	<b>0.14%</b>	<b>1,437</b>	<b>2</b>
91–360 days past due	<b>9.32%</b>	<b>1,406</b>	<b>131</b>
More than 360 days past due	<b>100.00%</b>	<b>1,673</b>	<b>1,673</b>
		<b>47,713</b>	<b>1,848</b>

Expected loss rates are based on actual loss experience over the past one year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### (i) Credit risk (Continued)

*Trade debtors and bills receivable (Continued)*

Movement in the loss allowance account in respect of trade debtors and bills receivable during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	1,044	1,519
Provision (reversal) of impairment losses recognised during the year	789	(371)
Written-off	(34)	(54)
Transfer to asset held for sale	(23)	–
Exchange adjustments	72	(50)
As at 31 December	1,848	1,044

No ECLs on bills receivable has been recognised for years ended 31 December 2025 and 2024 as the amount involved is insignificant.

*Other financial assets at amortised cost*

As at 31 December 2025 and 2024, in addition to the cash and cash equivalents which are considered to have low credit risk, other financial assets at amortised cost of the Group mainly include rental deposits and other debtors. The ECLs on other financial assets which did not have significant increase in credit risk during the reporting period were considered by management to be insignificant.

#### (ii) Interest rate risk

As at 31 December 2025, the Group had variable interest bearing bank borrowings at average variable interest rate of 3.55% (2024: 3.65%) other than bank borrowing and lease liabilities which are carried at average fixed interest rate of nil and 4.55% (2024: 3.5% and 6%) as shown in notes 25 and 17 and all its interest bearing financial assets are mainly bank deposits with maturity no more than one year. The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowing at the end of the reporting period. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2025, if the interest rate had been 10 basis points (2024: 10 basis points) higher/lower and all other variables were held constant, the Group's loss after taxation would increase/decrease by HK\$100,296 (2024: HK\$103,000).

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### (iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investments of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity of the financial liabilities is set below:

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year of on demand	More than 1 year but no more than 2 years	More than 2 years but less than 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 December 2024</b>						
Bank borrowings	114,491	135,474	22,943	11,847	34,744	65,940
Trade and other payables	103,980	103,980	103,980	-	-	-
Lease liabilities	91,608	103,670	23,069	19,188	54,808	6,605
	310,079	343,124	149,992	31,035	89,552	72,545
<b>As at 31 December 2025</b>						
Bank borrowings	100,296	117,802	12,357	12,041	39,696	53,708
Trade and other payables	100,600	100,600	100,600	-	-	-
Amount due to a director	10,000	10,000	10,000	-	-	-
Lease liabilities	31,241	34,735	7,118	7,117	20,500	-
	242,137	263,137	130,075	19,158	60,196	53,708

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### (iv) Currency risk

The Group is exposed to currency risk primarily through sales and bank deposits which give rise to receivables and cash balances that are denominated in United States Dollars (“USD”) primarily under KEE Zippers and KEE Guangdong.

As HK\$ is pegged to USD, the Group considers the risk of movements in exchange rates between USD and HK\$ to be insignificant.

The Group had RMB denominated bank deposits amounting to HK\$2,000 (2024: HK\$1,443,000) that was held by KEE Zippers and the Company for which HK\$ is their functional currency.

#### *Sensitivity analysis*

At 31 December 2025, it is estimated that a general appreciation/depreciation of 0.5% in HK\$ against RMB, with all other variables held constant, would have decreased/increased the Group’s net profit for the year and decreased/increased accumulated losses by approximately HK\$9,000 (2024: increased/decreased net profit and decreased/increased accumulated losses by approximately HK\$252,000).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group’s presentation currency. The Group currently has no hedging arrangement for foreign currencies. The management will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

# Notes to the Consolidated Financial Statements

31 December 2025

## 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<b>Bank borrowings</b> HK\$'000	<b>Lease liabilities</b> HK\$'000
As at 1 January 2024	–	72,009
Cash flow from financing activities		
Payment of lease liabilities (including interests)	(200)	(18,194)
Advance received	–	–
Repayment	–	–
Other changes:		
Interest expense	200	3,552
Inception of new leases during the year	–	–
Acquisition of a subsidiary	103,890	–
Proceeds from bank borrowings	10,827	–
Modification of leases	–	37,438
Exchange adjustments	(226)	(3,197)
As at 31 December 2024 and 1 January 2025	<b>114,491</b>	<b>91,608</b>
Cash flow from financing activities		
Payment of lease liabilities (including interests)	–	<b>(23,641)</b>
Repayment (including interests)	<b>(23,808)</b>	–
Other changes:		
Interest expense	<b>4,235</b>	<b>4,258</b>
Transfer to liabilities directly associated with assets classified as held for sale	–	<b>(45,072)</b>
Exchange adjustments	<b>5,378</b>	<b>4,088</b>
As at 31 December 2025	<b>100,296</b>	<b>31,241</b>

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions

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

Relationships	Nature of balances/transactions	2025 HK\$'000	2024 HK\$'000
Subsidiaries controlled by NCI	Rental deposit	3,437	5,014
	Lease interest	4,099	3,388
	Lease liabilities	75,080	85,677
	Additions (lease liabilities)	–	35,764
	Additions (right-of-use assets)	–	36,149
	Short term lease	–	3,709
Company controlled by the immediate family member of Group director	Rental deposit	–	191
	Lease interest	15	44
	Lease liabilities	–	1,032

### (b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	22,860	22,569
Retirement scheme contribution	120	120
Share-based compensation	2,571	10,621
	<b>25,551</b>	<b>33,310</b>

Total remuneration is included in "staff costs" (note 9(a))

In addition to the amounts above, the Group also provides other non-monetary benefits (i.e. accommodation) to Directors as disclosed in note 11.

# Notes to the Consolidated Financial Statements

31 December 2025

## 35. ASSET CLASSIFIED AS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS CLASSIFIED AS HELD FOR SALE

On 19 December 2025, KEE (Guangdong) Garment Accessories Limited (“**KEE Guangdong**”, a limited liability company established in the PRC and an indirect 85%-owned subsidiary of the Company), as the Vendor, Yichuang (Hubei) Zippers Manufacturing Company Limited (a limited liability company established in the PRC and indirectly wholly owned by NCI), as the Purchaser, and KEE (Hubei) Zippers Manufacturing Company Limited (“**KEE Hubei**”, a limited liability company established in the PRC and a wholly-owned subsidiary of KEE Guangdong) as the Target Company entered into the conditional Equity Transfer Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interests in the Target Company at the consideration of RMB40,000,000 (equivalent to approximately HK\$44,000,000). Consideration of RMB4,000,000 was received in advance before year ended.

KEE Hubei engaged in manufacturing and trading of zipper and related accessories in PRC. The Directors of the Company concluded that the assets and liabilities of KEE Hubei should be classified as held-for-sale as at 31 December 2025 in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations on the basis that the disposal was expected to be completed in early 2026.

On 30 March 2026, the Equity Transfer Agreement and the transactions were approved by the shareholders of the Company at the extraordinary general meeting of the Company. The Company is working out with the Purchaser to fulfill the remaining necessary condition(s) precedent for completion of the Equity Transfer Agreement. Up to the date of this report, the transaction is not yet completed.

For details, please refer to the announcement of the Company dated 19 December 2025, the circular of the Company dated 12 March 2026, and the poll results announcement of the Company dated 30 March 2026.

# Notes to the Consolidated Financial Statements

31 December 2025

## 35. ASSET CLASSIFIED AS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The assets and liabilities of KEE Hubei as at 31 December 2025, which were presented separately in the Group's consolidated statement of financial position, are as follows:

	HK\$'000
Property, plant and equipment	44,714
Right of use assets	21,476
Prepayments and rental deposits	5,737
Deferred tax asset	6,406
Trade and other receivables	21,262
Inventory	24,913
Tax recoverable	348
Cash and cash equivalents	3,376
<b>Total assets classified as held for sale</b>	<b>128,232</b>
Trade and other payables	45,938
Lease liabilities	45,072
<b>Total liabilities directly associated with assets classified as held for sale</b>	<b>91,010</b>

## 36. MAJOR NON-CASH TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, the Company did not have any other major non-cash transactions.

# Notes to the Consolidated Financial Statements

31 December 2025

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	514	875
Right-of-use assets	1,522	3,025
Investments in subsidiaries	–	–
Rental deposits	84	798
	<b>2,120</b>	4,698
<b>Current assets</b>		
Amount due from a subsidiary	18,572	18,076
Other receivables and deposit	1,048	291
Cash and cash equivalents	6,510	19,095
	<b>26,130</b>	37,462
<b>Current liabilities</b>		
Other payables	1,874	1,589
Amount due to a director	10,000	–
Amount due to a subsidiary	746	746
Lease liabilities	756	1,544
	<b>13,376</b>	3,879
<b>Net current assets</b>	<b>12,754</b>	33,583
<b>Total assets less current liabilities</b>	<b>14,874</b>	38,281
<b>Non-current liabilities</b>		
Lease liabilities	476	1,272
<b>Net assets</b>	<b>14,398</b>	37,009
<b>Capital and reserves</b>		
Share capital	5,745	5,745
Reserves	8,653	31,264
<b>Total equity</b>	<b>14,398</b>	37,009

Approved and authorised for issue by the board of directors on 31 March 2026.

# Notes to the Consolidated Financial Statements

31 December 2025

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

The movements in reserve of the Company are as following:

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	5,578	213,575	11,050	(187,392)	42,811
<b>Change in equity for 2024:</b>					
Loss and total comprehensive income for the year	-	-	-	(36,315)	(36,315)
Placing of new shares, net of expenses	167	19,725	-	-	19,892
Share-based payments	-	-	10,621	-	10,621
<b>As at 31 December 2024 and 1 January 2025</b>	<b>5,745</b>	<b>233,300</b>	<b>21,671</b>	<b>(223,707)</b>	<b>37,009</b>
<b>Change in equity for 2025:</b>					
Loss and total comprehensive income for the year	-	-	-	(25,182)	(25,182)
Share-based payments	-	-	2,571	-	2,571
<b>As at 31 December 2025</b>	<b>5,745</b>	<b>233,300</b>	<b>24,242</b>	<b>(248,889)</b>	<b>14,398</b>

# Notes to the Consolidated Financial Statements

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## 38. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated

Name of the Company	Place of incorporation/ establishment and business operation	Issued and fully paid up capital	Attributable equity interest**		Principal activities
			2025	2024	
KEE International BVI Limited ("KEE International BVI")	BVI	100 shares of US\$ 1 each	85%	85%	Investment holding
KEE Zippers	Hong Kong	1,000,000 shares	85%	85%	Trading of zipper products
KEE Guangdong*	The PRC	HK\$137,500,000	85%	85%	Manufacture and sale of zipper products
KEE Zhejiang*	The PRC	USD8,760,000	85%	85%	Manufacture and sale of zipper products
KEE Hubei*	The PRC	RMB38,000,000	85%	85%	Manufacture and sale of zipper products
Shenzhen Errui	The PRC	RMB100,000	100%	100%	Provision of property management service
Shenzhen Jiajinlong	The PRC	RMB10,000,000	90%	90%	Operating of Car City

\* These are wholly foreign-owned enterprises in the PRC.

\*\* All the shares of subsidiaries except KEE International BVI are held indirectly by the Company for the year.

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 38. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following table listed out the information relating to a subsidiaries, KEE International BVI and Shenzhen Jiajinlong, which has material non-controlling interest (“**NCI**”) as at 31 December 2025 and 31 December 2024. The summarised financial information presented below represents the amounts before any inter-company elimination.

### KEE International BVI

	2025 HK\$'000	2024 HK\$'000
NCI percentage	15%	15%
Current assets	197,401	117,788
Non-current assets	67,327	120,557
Current liabilities	(158,710)	(86,729)
Non-current liabilities	(26,022)	(83,147)
Net assets	79,996	68,469
Carrying amount of NCI	11,999	10,270
Revenue	256,919	237,875
Profit for the year	8,762	4,026
Total comprehensive income	1,729	190
Profit allocated to NCI	1,314	604
Cash flows from operating activities	56,960	22,783
Cash outflows from investing activities	(26,106)	(20,429)

# Notes to the Consolidated Financial Statements

31 December 2025

## 38. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Shenzhen Jiajinlong

	2025 HK\$'000	2024 HK\$'000
NCI percentage	10%	10%
Current assets	64,142	70,603
Non-current assets	228,955	178,591
Current liabilities	(297,036)	(128,483)
Non-current liabilities	(100,296)	(106,143)
Net (liabilities) assets*	(104,235)	14,568
Carrying amount of NCI	(10,423)	1,457
Revenue	126,182	–
Profit for the year	51,370	–
Total comprehensive income	4,931	–
Profit allocated to NCI	5,137	–
Dividend paid to NCI	16,811	–
Cash flows from operating activities	238,969	–
Cash outflows from investing activities	(59,534)	–

\* The amount is included the amount due to group companies approximately to HK\$244,238,000 (2024: HK\$90,666,000) for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

31 December 2025

## 39. CONTINGENT LIABILITIES

At the end of the reporting period, there were 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, reasonable expenses of, 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 totaling RMB1,000,000 (2024: 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 in 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 31 December 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.

In the opinion of the directors, 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.

## 40. ACQUISITION OF A SUBSIDIARY THROUGH THE SHARE SUBSCRIPTION OF CAPITAL

### For the year ended 31 December 2024

On 30 September 2024, Shenzhen Errui, an indirect wholly-owned subsidiary of the Company), Mr. Chen Huipeng and Mr. Zhang Hongjie (both are original shareholders of Shenzhen Jiajinlong) and Shenzhen Jiajinlong entered into the Share Subscription Agreement, pursuant to which Shenzhen Errui has conditionally agreed to subscribe for the register capital of the Shenzhen Jiajinlong in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Shenzhen Jiajinlong upon the completion of the share subscription, at the consideration of RMB9,000,000 (equivalent to approximately HK\$9,540,000)

The share subscription was completed on 31 December 2024.

The transaction has been accounted for as acquisition of business using the acquisition method.

	HK\$'000
<b>Consideration transferred</b>	
Subscription of capital by cash	9,540

Acquisition-related costs amounting to HK\$3,154,000 have been recognised as an expense in the current year within the "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

31 December 2025

## 40. ACQUISITION OF A SUBSIDIARY THROUGH THE SHARE SUBSCRIPTION OF CAPITAL (CONTINUED)

For the year ended 31 December 2024 (Continued)

	HK\$'000
<b>Assets acquired and liabilities recognised at the date of share subscription</b>	
Property, plant and equipment	2,402
Investment properties	17,174
Prepayments and rental deposits	159,015
Trade and other receivables	3,453
Cash and cash equivalents	67,147
Trade and other payables	(35,835)
Amounts due to fellow subsidiaries, net	(90,665)
Tax payable	(1,980)
Deferred tax liabilities	(2,253)
Bank borrowings	(103,890)
Total of net assets acquired	14,568

The receivables acquired with a fair value of HK\$ at the date of share subscription had gross contractual amounts of approximately HK\$3,453,000. The best estimate at share subscription date of contractual cash flows not expected to be collected amounted to approximately HK\$3,453,000.

### Non-Controlling Interests

The non-controlling interests (i.e. 10% equity interest in Shenzhen Jiajinlong) is recognised at the share subscription date was measured by reference to the proportionate share of recognised amounts of net assets of Shenzhen Jiajinlong and amounted to approximately HK\$1,457,000.

### Bargain purchase gain arising on share subscription

	HK\$'000
Consideration transferred	9,540
Plus: Non-controlling interests (10% in Shenzhen Jiajinlong)	1,457
Less: Recognised amounts of net assets acquired	(14,568)
Bargain purchase gain on share subscription	(3,571)

Bargain purchase gain was recognised and included in the profit or loss within the "other revenue, gain and losses, net" line item in these consolidated financial statements for the year ended 31 December 2024.

# Notes to the Consolidated Financial Statements

31 December 2025

## 40. ACQUISITION OF A SUBSIDIARY THROUGH THE SHARE SUBSCRIPTION OF CAPITAL (CONTINUED)

### Bargain purchase gain arising on share subscription (Continued)

	HK\$'000
Net cash outflow on share subscription to Shenzhen Jiajinlong	
Subscription of capital by cash	9,540
Less: Cash and cash equivalents balances acquired	67,147
Cash and cash equivalents balances acquired	57,607

### Impact of acquisition on the results of the Group

The directors consider that since the share subscription was completed on 31 December 2024 and thus, included in the profit for the year is HK\$ nil attributable to the additional business generated by Shenzhen Jiajinlong during the year ended 31 December 2024.

No profit and revenue for the year are generated from Shenzhen Jiajinlong. Had the acquisition of Shenzhen Jiajinlong been completed on 1 January 2024, revenue for the year of the Group from continuing operations would have been approximately HK\$393,328,000, and profit before taxation from continuing operations would have been approximately HK\$77,799,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results

In determining the 'pro-forma' revenue and profit of the Group had Shenzhen Jiajinlong been acquired at the beginning of the current year, the directors of the Company calculated depreciation of non-financial assets based on the recognised amounts of non-financial assets at the date of the acquisition and eliminate management fee expense and management income between Shenzhen Jiajinlong and Shenzhen Errui.

## 41. EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed elsewhere in these consolidated financial statements, the Company did not have any other significant events after the end of the reporting period.

## 42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 31 March 2026.

# Glossary

In this 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 C2 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, 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
“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).*