KAM HING INTERNATIONAL HOLDINGS LIMITED
錦 興 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 02307

2024
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tai Chin Chun *(Chairman)*
Mr. Tai Chin Wen *(Chief Executive Officer)*
Ms. Cheung So Wan *(Chief Operating Officer)*
Ms. Wong Siu Yuk
Mr. Lei Heong Man *(redesignated as non-executive Director on 1 January 2025)*

Independent Non-Executive Directors

Mr. Ho Gilbert Chi Hang
Mr. Ting Kay Loong
Mr. Wu Tak Lung

COMPANY SECRETARY

Mr. Chang Man Kwong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

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

COMPANY WEBSITE

www.kamhingintl.com

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23A, TML Tower,
No. 3 Hoi Shing Road,
Tsuen Wan, New Territories,
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 02307

FINANCIAL HIGHLIGHTS AND SUMMARY

KEY FINANCIAL DATA

	For the year ended/As at 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Revenue	3,826,829	4,389,437	4,106,168	3,604,357	**3,824,324**
EBITDA (note 1)	344,976	414,003	300,078	239,379	**314,938**
Equity attributable to ordinary equity holders of the Company	2,084,312	2,208,663	1,913,199	1,650,528	**1,720,688**
Net profit/(loss) attributable to ordinary equity holders of the Company (notes 2, 3 and 4)	(37,561)	45,986	(57,958)	(131,089)	**2,848**
Dividends per share (HK cents)	–	1.3	–	–	**0.7**

KEY FINANCIAL RATIOS

	For the year ended/As at 31 December				
	2020	2021	2022	2023	**2024**
Gross margin (%)	11.2	12.7	8.6	8.2	**11.0**
Net profit/(loss) margin (%)	(0.9)	1.1	(1.3)	(3.7)	**0.7**
Gearing ratio (net debt/capital and net debt) (%)	46.4	48.8	35.9	42.3	**37.3**

Notes:

(1) EBITDA refers to earnings before interest, tax, depreciation and amortisation

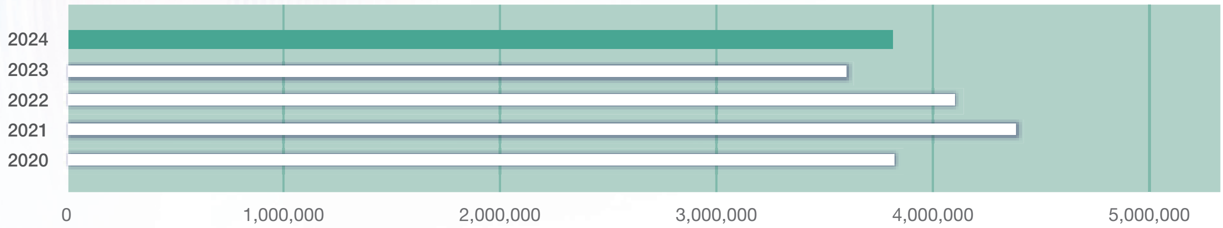
(2) Excluding the one-off gain of HK$0.3 million in relation to the deregistration of subsidiaries in 2020

(3) Excluding the one-off loss of HK$1.8 million in relation to the deregistration of subsidiaries in 2023

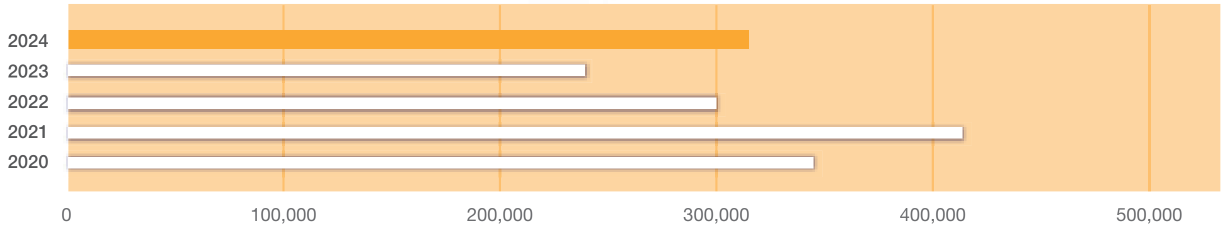
(4) Excluding the one-off gain of HK$32.6 million and tax expense of HK$7.3 million in relation to the disposal of a subsidiary in 2024

FINANCIAL HIGHLIGHTS AND SUMMARY

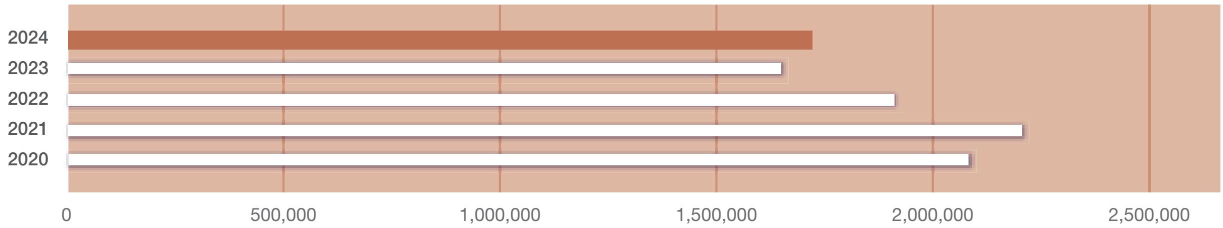
REVENUE
HK$'000



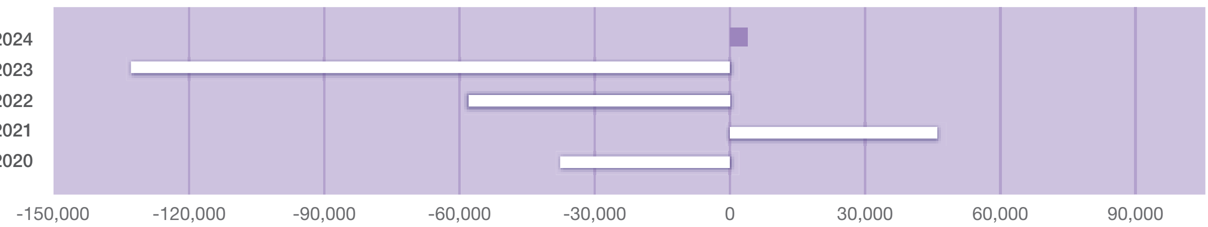
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")
HK$'000



SHAREHOLDERS' FUNDS
HK$'000



NET PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY
HK$'000



CHAIRMAN’S STATEMENT

On behalf of the board of Directors (the “Board”) of Kam Hing International Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group”), I would like to present to our valued shareholders the annual results for the year ended 31 December 2024 (the “Year”).

Over the past two years, the recovery following the pandemic has encountered significant challenges, intensified by escalating geopolitical conflicts, ongoing warfare, and the repercussions of global supply chain disruptions and quantitative easing policies. These factors have contributed to considerable inflationary pressures, prompting the U.S. and European economies to enter a tightening cycle, which has subsequently slowed global economic recovery and weakened consumer markets.

In this volatile economic landscape, the Group has steadfastly maintained its strategic positioning, remaining undeterred by short-term fluctuations. We have actively expanded our “China + Vietnam + Cambodia” production triangle to establish a robust foundation for long-term growth and foster sustainable development.

2024 underscored our resilience amidst fluctuating market conditions. Retailers’ replenishment needs following destocking in 2023, coupled with fragile yet improving consumer demand, contributed to a gradual recovery in our order book. We seized market recovery opportunities by refining our product mix and enhancing production efficiency, ultimately improving margins and overall financial performance for the year.

CHAIRMAN'S STATEMENT

In response to an evolving geopolitical landscape, we strategically expand our business into the Southeast Asian region to seize current market opportunities. During the year, we initiated collaborations with a local knitting and dyeing manufacturer in Vietnam to launch local textile operations promptly, effectively capturing returning orders. While we continue to invest in the production capacity of our local textile partner, we are also exploring further expansion to meet the growing demand from garment manufacturers in the region. In December 2024, we signed a memorandum of understanding to acquire all issued shares of Korea Textile & Dyeing Support Services Joint Stock Company ("KTD") for approximately US$10.8 million. This acquisition of KTD's established facilities in Vietnam will bolster our production capacity and operational efficiency, supporting our goal of creating an integrated textile base in Southeast Asia. These two initiatives enable us to enhance our offshore production with minimal time investment and accelerate our vertically integrated manufacturing strategy. We are optimistic that integration will yield synergies and benefits starting in 2025 and beyond.

Operational efficiency remained a key focus during market uncertainties. However, this initiative will lower long-term operational costs and strengthen our balance sheet. Additionally, continued bank loan repayments over two consecutive years have minimised borrowing and finance costs. Due to changes in our plans for a self-built manufacturing base in Vietnam, the Group disposed of a subsidiary which has a piece of land in Vietnam, realising a net gain of approximately HK$32.6 million in 2024. All these initiatives have significantly strengthened the Group's financial position and funded our future expansion.

Thanks to the market recovery and our operational effort, the Group recorded a year-on-year increase of 6.1% in overall revenue for 2024, to approximately HK$3,824.3 million, with a net profit attributable to ordinary equity holders amounted to approximately HK$28.2 million.

DIVIDEND

The Board has resolved to recommend the payment of final dividend of HK0.7 cent (2023: Nil) per ordinary share for the Year and will be payable to the shareholders whose names appear on the register of members of the Company on Friday, 13 June 2025. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about Monday, 7 July 2025.

PROSPECTS

As we enter 2025, the Group maintains a cautiously optimistic stance. Despite the gradual recovery witnessed in 2024, we anticipate a more complex operating environment in the year ahead. The introduction of new U.S. tariffs may elevate inflationary pressures, potentially delaying the Federal Reserve's plans to reduce interest rates. Jerome Powell, Chairman of the Federal Reserve, has indicated that further cuts in 2025 will be approached with caution.

Nevertheless, our established global multi-manufacturing base strategy positions us uniquely to transform these challenges into opportunities. With our expanding textile production capacity in Vietnam, alongside a thriving order flow at our garment base in Cambodia, we are well-equipped to serve our brand customers by offering one-stop, multi-location manufacturing solutions, aligning with their ongoing supply chain diversification.

Advancing integrated solutions with production layout in Southeast Asia to capitalise on growing demand amid geopolitical uncertainty

We continued to uphold our core development strategy of providing multi-location, vertically integrated textile and garment solutions. In 2025, our efforts will focus on integrating our newly acquired textile factory in Vietnam with that of our subcontracting partner in Vietnam, which will enhance production capabilities and expand our range of value-added products and services. The established "China + Vietnam + Cambodia" production triangle has been instrumental in addressing geopolitical uncertainties and U.S. tariffs, enhancing client retention and driving increased orders from retailers seeking diversified production locations. While continuously enhancing our production triangle, the Group will also pursue investment opportunities in Southeast Asia to effectively navigate complex global trade dynamics, mitigate geopolitical risks, and lower operating costs.

CHAIRMAN'S STATEMENT

Adhering to core principles and R&D to boost competitiveness

In today's fast-evolving fashion industry, we maintain a strong market presence and remain relevant by swiftly adapting to consumer trends and behaviours. Guided by the Group's foundational values, we take a comprehensive approach that focuses on (1) upgrading product quality, (2) integrating innovative materials and production technologies, (3) offering one-stop solutions, (4) optimising production efficiency, and (5) cultivating long term and reliable partnerships. As a trusted partner in the textile and garment sector, we leverage our integrated manufacturing expertise to deliver custom solutions for global brands and retailers. Through customised offerings and continuous technical innovation, we strengthen our partnerships, secure our market position, and reinforce our competitive edge in this dynamic industry.

Appreciation

I would like to take this opportunity to express my deepest appreciation to our shareholders for their continued confidence and support. I also wish to extend my sincere gratitude to our suppliers, customers, and partners for the trust they have placed in us. Finally, it is with great respect that I convey my heartfelt thanks to the Board of Directors, the management team, and all our employees for their exceptional dedication and commitment throughout the year.

Tai Chin Chun
Chairman

31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2024, the textile and garment industry faced uncertainty while showing signs of recovery. Despite ongoing challenges, including geopolitical tensions and economic fluctuations, the global economy exhibited gradual improvement alongside modest GDP growth in major economies. As inflationary pressures subsided, most economies were prompted to initiate interest rate cuts by mid-2024. Notably, the United States ("U.S.") Federal Reserve implemented three consecutive rate reductions throughout the year, lowering the rate to the 4.25%-4.5% range in December.

The resilience of the U.S. economy, marked by inflation approaching the U.S. Federal Reserve's target without triggering a recession, and non-managerial real wages surpassing pre-pandemic levels, significantly contributed to a gradual recovery in the labour market and increased retail sales. Consumer spending continued to exceed expectations due to robust demand. Although consumer confidence fluctuated throughout the year – surging from January to April to reach its highest levels since 2021, dipping in the second quarter due to concerns over inflation and declining personal savings, and rebounding in the third quarter – by the fourth quarter, consumer optimism peaked at pre-pandemic levels, bolstered by low unemployment and rising wages. The U.S. economy experienced the strongest recovery from the COVID-19 pandemic among major developed nations, fostering a cautiously optimistic outlook for the export market to the U.S..

In China, consumer sentiment remained subdued despite the Chinese government's efforts to stimulate domestic consumption. Chinese consumers adopted a more cautious approach to spending and exhibited a trend toward consumption downgrading, prompting retailers to reduce prices and offer discounts to maintain sales. As a result, competition among suppliers intensified, posing challenges to the textile and garment market in China.

BUSINESS OVERVIEW

In 2024, the Group's textile and garment business showed improvements, benefiting from the recovering global economy and improved consumer sentiment. Overall revenue of the Group for the year increased by approximately 6.1% year-on-year ("yoy") to approximately HK$3,824.3 million, with gross profit increased by approximately 43.1% yoy to approximately HK$422.4 million. Including a gain of approximately HK$32,598,000 from the disposal of a subsidiary in Vietnam, the Group achieved a net profit attributable to ordinary equity holders of HK$28.2 million, representing a significant turnaround from the net loss attributable to ordinary equity holders of HK$132.9 million of 2023. The basic earnings per share for the year was approximately HK3.2 cents.

For the year, revenue generated from the textile business and garment business accounted for approximately 79.4% and 20.6% of the overall revenue respectively. The textile business was supported by the Group's two production sites in Enping and Nansha in China and its strategic manufacturing partner, CÔNG TY TNHH THIÊN PHÚC THÀNH ("TPT") in Vietnam, while the factories in Cambodia mainly manufactured garment products.

Despite an overall expansion in consumer spending in 2024, positive sentiment toward discretionary goods remained fragile, leading retailers to exercise caution in procurement and inventory management. Nonetheless, the Group has driven growth through its strategic initiatives throughout the Year and benefited from a modest recovery in orders, resulting in an improved product mix and an overall gross margin increase of 2.8 percentage points to 11.0%. Notably, the Group has entered into cooperation with TPT as announced by the Company on 8 January 2024. Collaborating with TPT, the Group's strategic subcontracting partner in fabric knitting and dyeing in Vietnam, the Group was able to provide multi-location manufacturing solutions that align with the rising demands for supply chain diversification. This collaboration helped secure more orders from global brand customers throughout the year. Progress was made in integrating best practices in production, quality assurance, and training within TPT's operations to ensure product quality meets the Group's international standards.

To bolster its manufacturing capabilities in Southeast Asia, the Group signed a memorandum of understanding in December 2024, and further signed a sale and purchase agreement after the reporting period in January 2025, to acquire all issued shares of Korea Textile & Dyeing Support Services Joint Stock Company ("KTD"), a fabric products manufacturer in Vietnam, for a cash consideration comprising US$4,347,894 (approximately HK$33,913,000) as the purchase price and US$6,407,597 (approximately HK$49,979,000) as the settlement amount of the debts owed by KTD to the vendors. This acquisition allows the Group to leverage existing infrastructure rather than investing in new land and construction. By acquiring a ready-to-use manufacturing base, including factory facilities, machinery, and labour, the Group can rapidly increase its production capacity in Vietnam to meet the rising demand for knitted textiles from local and nearby garment manufacturers. The assets of KTD to be acquired include a land plot in Nhon Trach VI Industrial Zone with a total built-up area of 27,253 sq.m., encompassing one dyeing factory and two weaving factories. Upon completion, the business of KTD will enhance synergy with and optimise the efficiency of the Group's existing operations in Southeast Asia. This acquisition aligns with the Group's strategic goal of establishing an integrated textile and garment production base under self-operation in the region, enriching its "China + Vietnam + Cambodia" production triangle and providing comprehensive textile and garment solutions to global customers.

Due to the change in plans for its self-built manufacturing base in Vietnam, the Group disposed of a subsidiary which has a piece of land in Vietnam for a cash consideration of USD10,276,000 (approximately HK$80,153,000), recording a gain of approximately HK$32,598,000 in 2024. These funds will be allocated to finance the acquisition of KTD and the integration of the Group's operations in Vietnam.

PROSPECTS

The Group remains cautiously optimistic about its growth prospects for 2025. The global economy is projected to remain resilient, with GDP growth anticipated at 3.3%, supported by moderating inflation that aligns with central bank targets. Inflation in G20 economies is expected to ease significantly, with headline inflation rates declining from 5.4% in 2024 to 3.3% in 2025. This positive outlook is underpinned by a gradual recovery in purchasing power and strong nominal wage gains. However, the return of the Trump administration in the U.S. raises concerns about policy uncertainty in trade and regulation, which could hinder economic progress and disrupt global supply chains amid ongoing geopolitical tensions. Retailers remain cautious about stock replenishment due to concerns over consumer confidence and potential inventory risk.

Despite significant challenges, the Group is well-prepared to respond with its multi-location manufacturing solutions to customers and streamlined operations. Offering comprehensive textile and garment solutions to global customers, the Group has already experienced a surge in orders for both textile and garment segments, resulting in a fully booked production schedule for the first quarter of 2025. With the ramp-up of production capacity at TPT and the anticipated completion of the acquisition of KTD in 2025, the Group's "China + Vietnam" textile manufacturing network will be significantly enhanced. The integrated Vietnam facilities are expected to contribute no less than 25% of the Group's total textile output to support growing market demand in the long term. In Cambodia, the Group's expanded garment factories, equipped with research and development capabilities, continue to grow steadily and win market orders by offering additional value-added products and services. While maintaining the current "China + Vietnam + Cambodia" production triangle, the Group will continue to explore potential investment opportunities in Southeast Asia to address the complex and rapidly changing global trade dynamics, aiming to mitigate geopolitical risks and reduce operating costs.

In conclusion, the Group is poised to capitalise on emerging opportunities while navigating challenges in the global landscape with its diversified manufacturing capabilities and strategic positioning. The Group will persist in enhancing its operations to drive sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Overall sales turnover was approximately HK$3,824.3 million, representing an increase of approximately 6.1% (2023: approximately HK$3,604.4 million). The sales of fabric increased by approximately 3.2% to approximately HK$3,038.2 million (2023: approximately HK$2,944.8 million). Meanwhile, the sales of garment increased by approximately 19.2% to approximately HK$786.1 million (2023: approximately HK$659.6 million).

Gross Profit and Gross Margin

Gross profit was approximately HK$422.4 million, representing an increase of approximately 43.1% (2023: approximately HK$295.2 million). Gross margin rose to approximately 11.0% (2023: approximately 8.2%). The increase in gross profit margin was attributable to relatively good margin orders accounting for a high proportion of all the orders compared to last year.

Finance Costs

Finance costs, which included an amortisation of loan charges, interest on term loans from banks, trade loans, bank overdraft and interests on discounted bills, decreased by approximately 45.1% to approximately HK$57.6 million (2023: approximately HK$104.7 million) as compared with last year. The decrease in finance costs was mainly due to decrease in average total bank borrowings compared to last year. The Group is enhancing its financial management practices by implementing measures to optimise cash flow, reduce bank borrowings, decrease inventory levels, and facilitate early loan repayments. These initiatives aim to minimise the Group's interest expenses in a high-interest rate environment.

Selling and Distribution Expenses

Selling and distribution expenses increased to approximately HK$109.4 million (2023: approximately HK$98.3 million), which is in line with the increase in sales.

Administrative Expenses

Administrative expenses, including salaries, depreciation, customs declaration, and other related expenses, decreased to approximately HK$282.9 million (2023: approximately HK$294.3 million). The Group continues to strengthen cost control and improve efficiency, yielding positive results in recent years, with the expectation that the ratio of administrative expenses will continue to decline.

Other Operating Expenses, net

Other operating expenses, net, was approximately HK$0.1 million (2023: approximately HK$8.5 million), which mainly comprised foreign exchange loss of approximately HK$1.7 million (2023: gain of approximately HK$52.3 million) and operating expenses on sewage treatment of approximately HK$26.0 million (2023: approximately HK$22.9 million).

Net Profit/Loss

Net profit attributable to ordinary equity holders of the Company for the Year was approximately HK$28.2 million (2023: net loss attributable to ordinary equity holders of the Company of approximately HK$132.9 million). The Group's profitability has shifted from a loss to a gain, primarily due to a recovery in demand throughout the year, leading to increased revenue and gross margin, along with a gain on disposal of a subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2024, the Group's net current assets were approximately HK$683.6 million (2023: approximately HK$764.4 million). The decrease in net current assets was mainly due to maintaining inventory at a low level and utilising funds flexibly to reduce idle cash. The Group will constantly review its financial position and maintain a healthy financial position by financing its operations from internally generated resources and long-term bank loans. As at 31 December 2024, the Group had cash and cash equivalents of approximately HK$672.8 million (2023: approximately HK$916.1 million). Current ratio was approximately 1.5 times (2023: approximately 1.4 times).

As at 31 December 2024, total bank borrowings of the Group were approximately HK$886.9 million (2023: approximately HK$1,261.5 million). The Group's net debt gearing ratio (i.e. net debts divided by the sum of equity and net debts) was approximately 37.3% (2023: approximately 42.3%). Net debts comprise all interest-bearing bank borrowings, accounts and bills payables, an amount due to an associate, lease liabilities and accrued liabilities and other payables less cash and cash equivalents. Equity comprises owners' equity as stated in the consolidated financial statements.

Debtors' turnover period, inventory turnover period and creditors' turnover period for the Year was 48.3 days (2023: 53.4 days), 92.0 days (2023: 94.6 days) and 69.0 days (2023: 61.5 days) respectively. The Group will continue to improve internal efficiency. In response to rapid market changes, parties are experiencing a gradual shortening of operating cycles in order to meet market demands and mitigate operational risk.

Financing

As at 31 December 2024, total banking facilities of the Group amounted to approximately HK$3,647.9 million (2023: approximately HK$4,341.6 million), of which approximately HK$1,213.7 million (2023: approximately HK$1,635.8 million) was utilised.

As at 31 December 2024, the Group's long-term loans were approximately HK$189.9 million comprising term loans from banks (2023: approximately HK$377.8 million, comprising term loan from banks).

Dividend

The Board has resolved to recommend the payment of a final dividend of HK0.7 cent (2023: Nil) per ordinary share for the Year and will be payable to the shareholders whose names appear on the register of members of the Company on Friday, 13 June 2025. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about Monday, 7 July 2025.

Capital Structure

The capital structure of the Company is composed of equity and debt.

As at 31 December 2024, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.

Foreign Exchange Risk and Interest Rate Risk

Approximately 82.4% (2023: approximately 80.0%) of the Group's sales was denominated in U.S. dollars. The remaining sales were denominated in Hong Kong dollars and Renminbi. The majority of the Group's costs of sales were denominated in U.S. dollars, Hong Kong dollars and Renminbi. The Group is therefore exposed to foreign exchange risk arising from currency exposures, primarily in respect to the Renminbi. During the Year, the U.S. dollars is strong relative to other currencies. The Group continued to monitor foreign exchange movements and determined appropriate and prudent hedging measures as needed.

The Group's borrowings were mainly maintained at a floating rate basis. The management will pay attention to the interest rate movement and employ necessary hedging instruments in a prudent and professional manner.

Capital Expenditure

As at 31 December 2024, the Group invested approximately HK$91.6 million (2023: approximately HK$170.4 million) in capital expenditure of which approximately 83.2% (2023: approximately 62.9%) was used for the purchase of plant and machinery and the remaining was used for the purchase of other items of property, plant and equipment.

As at 31 December 2024, the Group had capital commitments of approximately HK$13.0 million (2023: approximately HK$22.0 million) in property, plant and equipment and right-of-use assets and approximately HK$176.2 million (2023: approximately HK$176.2 million) in construction of new manufacturing facilities. All are funded or will be funded by internal resources of the Group.

Staff Policy

The Group had 3,638 (2023: 3,806) employees in the People's Republic of China ("PRC"), 3,356 employees in Cambodia (2023: 2,734) and 187 employees in Hong Kong, Macau, Singapore and others territories (2023: 116) as at 31 December 2024. Remuneration packages are generally structured by reference to market terms and individual qualification. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses are offered to the Group's staff depending on their performance and the results of the Group. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of various locations worldwide.

The Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) as well as medical insurance for all its employees in Hong Kong. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of various locations worldwide. Also, the Group is obliged to provide its employees in the PRC with welfare schemes covering various insurance and social benefits. Staff benefits are also provided to the staff working in other countries according to the respective countries' statutory requirements.

The Company has adopted a share option scheme (the "Scheme"), pursuant to which share options may be granted to selected eligible participants, with a view to providing an appropriate incentive package for the growth of the Group. The Scheme has expired on 8 June 2024.

Segment Information

For the Year, the major end-market remained as the U.S.. By analysis of the location of customers, by regions, sales to the five largest regions (Korea, Mainland China, Singapore, Hong Kong and Taiwan) accounted for approximately 82.3% (2023: Korea, Mainland China, Hong Kong, Singapore and Taiwan, approximately 77.1%) of total sales of the Group and sales to the largest region, Korea (2023: Korea) included therein accounted for approximately 42.4% (2023: approximately 39.7%) of total sales of the Group.

As at 31 December 2024, the Group's assets for the fabric operation accounted for approximately 76.3% (2023: approximately 82.8%) of the total assets of the Group. Capital expenditure in the fabric operation during the Year accounted for approximately 74.4% (2023: approximately 52.2%) of the total capital expenditure of the Group.

Significant Investment

As at 31 December 2024, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets.

Material Acquisition and Disposal

On 18 July 2024, the Group entered into an agreement (as supplemented on 28 October 2024) with the purchaser and the purchaser's guarantor in relation to the disposal (the "Disposal") of 100% equity interests in Great Market Global Viet Nam Company Limited, a company incorporated in Vietnam, for a cash consideration of USD10,276,000 (equivalent to approximately HK$80,153,000). Completion of the Disposal took place in November 2024. Further details of the Disposal are set out in the announcements of the Company dated 18 July 2024 and 28 October 2024.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the Year.

Event after the Reporting Period

Pursuant to the announcements of the Company dated 27 January 2025 and 27 February 2025, on 27 January 2025, a sale and purchase agreement (as supplemented on 27 February 2025) was entered into among an indirect wholly-owned subsidiary of the Company as purchaser, the vendors and KTD, whereby the Group conditionally agreed to purchase 100% equity interests of KTD, a company incorporated in Vietnam with limited liability, for a cash consideration comprising US$4,347,894 (approximately HK$33,913,000) as the purchase price and US$6,407,597 (approximately HK$49,979,000) as the settlement amount of the debts owed by KTD to the vendors. As at the date of approval of the financial statements for the Year, completion of the acquisition has not taken place.

Treasury Policy

The Group adopted conservative treasury policies in cash and financial management, and attached high importance to the risk control and transactions related to the Group's principal business. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's liquidity and financing requirements are reviewed regularly.

Equity Fund Raising Exercise

There was no equity fund raising by the Company for the Year, nor were there any unutilised proceeds brought forward from any issue of equity securities made in previous financial years.

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

Charge of Group's Assets

As at 31 December 2024, none of the Group's land and buildings were pledged (31 December 2023: Nil) and HK$35,971,000 (31 December 2023: HK$45,539,000) of deposits were pledged for bills payable of HK$110,523,000 (31 December 2023: HK$151,135,000). As at 31 December 2024, there were restricted bank balances of HK$1,314,000 (2023: Nil) due to a freezing order from district court in PRC. The plaintiff applied for a freezing order for a legal case against one of subsidiary of the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance practices. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The Company has applied the principles and complied with the code provisions set out in Part 2 of Appendix C1 (Corporate Governance Code) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code for the Year.

BOARD OF DIRECTORS

As at 31 December 2024, the Board comprised eight Directors, including five executive Directors and three independent non-executive Directors. Biographical details of the Directors are set out in the section headed "Profile of Directors and Senior Management" on pages 25 to 28 of the annual report.

The composition of the Board, by category, is set out below:

Title	Name	Position	Gender	Age	Length of service
Executive Directors:	Mr. Tai Chin Chun	Chairman	Male	63	31 years
	Mr. Tai Chin Wen	Chief Executive Officer	Male	69	31 years
	Ms. Cheung So Wan		Female	61	28 years
	Ms. Wong Siu Yuk		Female	63	28 years
	Mr. Lei Heong Man *(redesignated as a non-executive Director on 1 January 2025)*		Male	65	15 years
Independent Non-executive Directors:	Mr. Ho Gilbert Chi Hang	Chairman of Nomination Committee	Male	48	14 years
	Mr. Ting Kay Loong	Chairman of Remuneration Committee	Male	63	8 years
	Mr. Wu Tak Lung	Chairman of Audit Committee	Male	59	9 years

There is no relationship among members of the Board except for the family relationship among Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan and Ms. Wong Siu Yuk. Mr. Tai Chin Chun is the younger brother of Mr. Tai Chin Wen and their spouses are Ms. Cheung So Wan and Ms. Wong Siu Yuk, respectively.

The Board has a balance of skills and various expertise to direct and supervise the business affairs of the Group. The Board undertakes to monitor the performance of the Group's business operation and act in the best interests of the Group as a whole. The management of the Company implements the strategic development and deals with certain operational matters of the Group under the delegation and authority of the Board.

During the Year, the Board convened four board meetings and one general meeting. The individual attendance of each Director at these meetings is set out below:

Name of Director	Attendance at board meetings (%)	Attendance at annual general meeting (%)
Executive Directors:		
Mr. Tai Chin Chun *(Chairman)*	4/4(100%)	1/1(100%)
Mr. Tai Chin Wen	4/4(100%)	1/1(100%)
Ms. Cheung So Wan	4/4(100%)	1/1(100%)
Ms. Wong Siu Yuk	4/4(100%)	1/1(100%)
Mr. Lei Heong Man *(redesignated as a non-executive Director on 1 January 2025)*	4/4(100%)	1/1(100%)
Independent Non-executive Directors:		
Mr. Ho Gilbert Chi Hang	4/4(100%)	1/1(100%)
Mr. Ting Kay Loong	4/4(100%)	1/1(100%)
Mr. Wu Tak Lung	4/4(100%)	1/1(100%)

In order to enhance an active contribution to the Board's affairs by all Directors, the Chairman has arranged to convene a regular full board meeting at quarterly intervals to review the financial and operating performance of the Group. In addition to the board meetings, the Chairman also had one meeting with independent non-executive Directors without the presence of the other Directors. To ensure that good corporate governance practices and procedures are established, the Chairman has delegated the company secretary to draw up and approve the agenda for each board meeting. Notice of at least 14 days has been given to all Directors for a regular board meeting and the Directors can give ideas for discussion in advance in the agenda, if necessary. Draft and final minutes of all regular board meetings have been sent to the Directors for comment and records respectively within a reasonable time after the board meeting is held.

During the Year, Directors were provided with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. During the Year, all Directors have attended/participated in seminars and/or in-house workshops which covered topics as follows:

Name of Director	Topics covered
Mr. Tai Chin Chun	Regulatory update
Mr. Tai Chin Wen	Regulatory update
Ms. Cheung So Wan	Regulatory update
Ms. Wong Siu Yuk	Regulatory update
Mr. Lei Heong Man	Regulatory update
Mr. Ho Gilbert Chi Hang	Directors' duties, corporate governance and regulatory updates
Mr. Ting Kay Loong	Corporate governance
Mr. Wu Tak Lung	Directors' duties

All Directors are requested to provide the Company with their respective training records pursuant to the Code. The Directors confirmed that they have complied with the code provision C.1.4 of the Code.

The Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules in that the three independent non-executive Directors represent at least one-third of the Board and at least one of them possesses the requisite appropriate professional accounting qualifications.

The Company has received from each independent non-executive Director an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The executive Directors, Mr. Tai Chin Chun and Mr. Tai Chin Wen, serve as the Chairman and the Chief Executive Officer of the Company, respectively.

The roles of the Chairman and the Chief Executive Officer are segregated and not performed by the same individual. The Chairman is primarily responsible for the leadership of the Board and the formulation of overall strategic development of the Group, while the Chief Executive Officer is primarily responsible for the day-to-day management of the Group's business.

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The term of non-executive Directors is specified for two years (except for the term of appointment of Mr. Lei Heong Man upon his re-designation as non-executive Director on 1 January 2025, one year) subject to retirement by rotation and re-election at annual general meeting under the Company's articles of association.

COMPANY SECRETARY

The company secretary of the Company is Mr. Chang Man Kwong who has fulfilled the requirement under Rules 3.28 and 3.29 of the Listing Rules. As an employee of the Company, the company secretary ensures good information flow within the Board and compliance with Board policy and procedures, advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors.

REMUNERATION COMMITTEE

The remuneration committee was established in September 2005. Terms of reference adopted and amended with effect from 1 January 2023 by the remuneration committee are of no less exacting terms than those duties set out in the Code and a copy of which is available on the websites of the Stock Exchange and the Company. The remuneration committee comprises three independent non-executive Directors, namely Mr. Ting Kay Loong (Chairman), Mr. Ho Gilbert Chi Hang and Mr. Wu Tak Lung and two executive Directors, namely Mr. Tai Chin Chun and Mr. Tai Chin Wen. The remuneration committee is primarily responsible for, among other matters, reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company and reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Year, the remuneration committee convened one meeting and the individual attendance of each committee member is set out below:

Name of Director	Attendance	(%)
Independent Non-executive Directors:		
Mr. Ting Kay Loong *(Chairman)*	1/1	100
Mr. Ho Gilbert Chi Hang	1/1	100
Mr. Wu Tak Lung	1/1	100
Executive Directors:		
Mr. Tai Chin Chun	1/1	100
Mr. Tai Chin Wen	1/1	100

The remuneration committee meeting was held to review and recommend the salary revision for executive Directors. As no Director or any of his/her associate should be involved in deciding his/her own remuneration in compliance with the principle of the Code, the relevant Directors had abstained from voting on their respective resolutions in which they were materially interested. Remuneration payable to senior management (excluding Directors) for the Year within the band of below HK$2,000,000 comprises 8 individuals. Details of the remuneration of the Directors for the Year are shown in note 8 to the financial statements. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the remuneration committee during the Year.

NOMINATION COMMITTEE

The nomination committee was established in September 2005. Terms of reference adopted by the nomination committee are of no less exacting terms than those duties set out in the Code and a copy of which is available on the websites of the Stock Exchange and the Company. The nomination committee comprises three independent non-executive Directors, namely Mr. Ho Gilbert Chi Hang (Chairman), Mr. Ting Kay Loong and Mr. Wu Tak Lung and two executive Directors, namely Mr. Tai Chin Chun and Mr. Tai Chin Wen. The nomination committee is primarily responsible for, among other matters, reviewing and making recommendations to the Board on the selection of Board members to ensure that the Board has an appropriate balance of independent Directors, with a mix of business experience in relevant disciplines.

During the Year, the nomination committee convened one meeting and the individual attendance of each committee member is set out below:

Name of Director	Attendance	(%)
Independent Non-executive Directors:		
Mr. Ho Gilbert Chi Hang *(Chairman)*	1/1	100
Mr. Ting Kay Loong	1/1	100
Mr. Wu Tak Lung	1/1	100
Executive Directors:		
Mr. Tai Chin Chun	1/1	100
Mr. Tai Chin Wen	1/1	100

The nomination committee meeting was held to review the structure, size, diversity and composition of the Board and assess the independence of independent non-executive Directors. According to the board diversity policy adopted by the nomination committee, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. The nomination policy of the Company requires that all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The final decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Year under review, the nomination committee concluded that the current Board comprises a sufficient number of Directors and is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operations and development of the Group.

The Board has adopted gender diversity objective that there be at least one female member on the Board. Currently, our Board has two (2) female Directors out of eight (8) Directors, representing a ratio of 25% female Directors to 75% male Directors. As such, the nomination committee considered that such gender diversity objective has been met. The nomination committee monitors the implementation of the board diversity policy and the progress on achieving those measurable objectives and will review the board diversity policy on an annual basis to ensure its continuing effectiveness.

MECHANISM TO ENSURE INDEPENDENT VIEWS FROM DIRECTORS

To ensure independent views and input from any Director, the following mechanism is established by the Board:

1. Independence Assessment

Each of the independent non-executive Directors shall provide a written annual confirmation of independence to the Company on their compliance with the independence requirements as set out under Rule 3.13 of the Listing Rules. The nomination committee shall assess the independence of independent non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgement.

2. Composition of Board

Currently, 50.0% of the Board members are executive Directors, 12.5% of the Board members are non-executive Directors while 37.5% of the Board members are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.

3. Board Proceedings and Decision Making

At least 14 days' formal notice of regular Board and Board Committee meetings will be given to all Directors, and all Directors are invited to include any matters for discussion in the agenda. By at least three business days in advance of every regular Board and Board committee meeting, Directors are provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.

All Directors are required to declare their direct/indirect interests, if any, in any business proposals to be considered at the meetings and, where appropriate, they are required to abstain from voting on any Board resolution concerned.

Independent non-executive Directors should attend all regular meetings of the Board and Board committees on which they serve. They should also attend general meetings of the Company to acquire understanding of the views of the shareholders.

4. Remuneration of Independent non-executive Directors

Independent non-executive Directors receive fixed fee(s) for their role as members of the Board and Board committees and no equity-based or incentive based compensation program is granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

5. Access to Professional Advice and Up-to-date Information

The Company Secretary provided induction pack and orientation program for all new recruits to the Board. Such program would familiarise the newly appointed Director with the nature of the business, the corporation's strategy, the internal control and corporate governance practices and policies, and directors' duties and responsibilities. Subsequent information packages are regularly provided to the Directors to keep them abreast of their responsibilities and infuse them with new knowledge relevant to the Group's current business and operating environment.

To facilitate proper discharge of Directors' duties and responsibilities, all Directors (including independent non-executive Directors) are entitled to seek advice from the Company Secretary as well as from independent professional advisers at the expense of the Company.

6. Independent Views and Inputs Treasured and Valued

During the Board and Board committee meetings, the independent non-executive Directors are encouraged to express freely their independent views and inputs in an open and candid manner. The Chairman also encourages questions and challenges from Directors, in particular independent non-executive Directors and their comments and concerns are closely followed up by the management.

In addition to Board meetings, the Chairman schedules a meeting annually with independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

The Company Secretary is required to prepare minutes that record not only the decision reached but any concerns raised or dissenting views expressed by Directors. Draft versions of the minutes are circulated to all Directors for their comment and confirmation before it is finalised for records. Minutes of all Board and Board committee meetings are available for Directors' inspection.

The implementation and effectiveness of the above mechanisms have been reviewed by the Board on an annual basis and the Board believe these measures would allow Directors to contribute effectively and independent views and input are available to the Board and Board committees.

WORKFORCE DIVERSITY

The importance of gender diversity at the Board level is extended throughout the Group's workforce. We believe a diverse workforce and an inclusive culture supports high performance and the Company's ability to operate effectively in the communities in which it operates. As at 31 December 2024, we had female employees accounting for approximately 53% of the overall workforce (including senior management). The Company will adhere to the principle of gender diversity at all employee levels and will appropriately consider increasing the proportion of female members in future elections, hirings and promotions.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements for each financial period to ensure such consolidated financial statements give a true and fair view of the consolidated financial position of the Group and of the consolidated financial performance and consolidated cash flows for that period. The Group's consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

AUDITOR'S REMUNERATION

For the Year, Ernst & Young, as the external auditor of the Company, has provided audit and non-audit services to the Group at the fees of approximately HK$3.8 million and HK$0.4 million, respectively. The responsibilities of the external auditor of the Company are set out in the "Independent Auditor's Report" on pages 36 to 41 of this report.

AUDIT COMMITTEE

The audit committee was established in August 2004. Terms of reference adopted by the audit committee are of no less exacting terms than those duties set out in the Code and a copy of which is available on the websites of the Stock Exchange and the Company. The audit committee of the Company comprises all three independent non-executive Directors, namely, Mr. Wu Tak Lung (as Chairman), Mr. Ho Gilbert Chi Hang and Mr. Ting Kay Loong. The main responsibilities of the audit committee include the following:

– assists the Board in discharging its statutory responsibilities on financial and accounting matters;

– reviews and monitors the effectiveness of the audit process in accordance with applicable standard;

– develops and implements policy on the engagement of external auditor;

– reviews the Company's financial controls, internal control and risk management systems; and

– develops and reviews the Company's policies and practices on corporate governance and make recommendations to the Board.

During the Year, the audit committee convened three meetings and the individual attendance of each committee member is set out below:

Name of Director	Attendance	(%)
Independent Non-executive Directors:		
Mr. Wu Tak Lung *(Chairman)*	3/3	100
Mr. Ting Kay Loong	3/3	100
Mr. Ho Gilbert Chi Hang	3/3	100

The audit committee meetings were held to discuss with the management for the accounting policies, internal control and risk management systems adopted by the Group, as well as to review the interim and annual financial statements of the Group before recommending them to the Board for adoption and approval. In addition, the audit committee had meeting with the external auditor twice. It has also reviewed the Company's compliance with the Code.

The audit committee also made recommendation to the Board on the re-appointment of the external auditor. The Board has not taken a different view from that of the audit committee regarding the selection, appointment, resignation or dismissal of the external auditor.

INTERNAL CONTROL

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, overseeing and reviewing the effectiveness of the same on an ongoing basis.

The Group has an independent internal audit department which is primarily responsible for carrying out review of the internal control system and risk management process. This is part of the on-going process to ensure that the effectiveness of material controls is monitored.

During the Year, the Board has conducted a review of the effectiveness of the internal control system of the Group covering all material controls, including financial, operational and compliance controls as well as risk management functions as required by the Code. The audit committee has also reviewed the internal control system of the Group and the findings of major investigations of internal control matters. The Group implements budget management with an aim to better monitor both business and financial performance. There was no significant incidence of failure in connection with financial, operational and compliance control during the Year under review. The Board considered that the internal control system is effective and adequate and that there are adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided.

The Company has implemented a system of internal controls to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information are provided for management and publication purposes, investment and business risks are identified and managed, the Board will continue to review procedures implemented for assessing the effectiveness of the internal control system.

With respect to the internal control for the handling and dissemination of inside information, the Board is fully aware of its obligations under Part XIVA of the Securities and Futures Ordinance and the Listing Rules. The Group has adopted a policy on disclosure of inside information with the aim to ensure that the insiders abide by the confidentiality requirement and are in compliance with the Securities and Futures Ordinance and the Listing Rules in the handling and dissemination of inside information.

RISK MANAGEMENT

The Board is responsible for the establishment, maintenance of an adequate and effective risk management system of the Group and for overseeing and reviewing its design, operation and effectiveness on an ongoing basis. The risk management system, together with the internal control, ensure the risk associated with the different business units and operations of the Group are effectively monitored and controlled. Such system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Various policies and procedures have been implemented, to ensure effective risk management of each aspect of the Group's operation, including site inspection, administration, daily operation, financial reporting and recording, fund management, compliance with applicable laws and regulations on relevant areas such as environmental protection and workplace safety.

The review of the risk management system by the Board consists of the following aspects: (i) review of reports by operations or departments and the management regarding the implementation of the risk management system, identifying and assessing principal risks within its operations or departments and establishing mitigation plans to manage the risks identified; (ii) discussions with the management regarding the effectiveness of the risk management system, ensuring principal risks are properly managed, and new or changing risks are identified, documented and reported to the Board; and (iii) evaluation on the scope and quality of the monitoring procedures of the risk management system.

During the Year, the Board has reviewed the risk management system and was not aware of any significant risk management issues that would have an adverse impact on the financial position or operations of the Group, and through the review of the independent internal audit department, considered the risk management system of the Group is effective and adequate.

DIVIDEND POLICY

The Company has adopted a policy which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. There is no pre-determined dividend payout ratio and the declaration and distribution of dividends shall be determined at the sole discretion of the Board taking into account, among others, the financial results, cash flow situation, future operations, capital requirements and any other factors that the Board may consider relevant. The declaration and distribution of dividends shall also be subject to the articles of the association of the Company and all applicable laws and regulations. The Board will review the policy from time to time and make relevant amendments as necessary.

CONSTITUTIONAL DOCUMENTS

The Company has adopted the second amended and restated memorandum and articles of association upon approval by the Shareholders at the annual general meeting of the Company on 5 June 2023. A consolidated version of the second amended and restated memorandum and articles of association is available on the websites of the Company and the Stock Exchange.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a shareholders' communication policy to maintain an on-going dialogue with shareholders and encourage them to communicate actively with the Company. The Company also establishes different communication channels with shareholders and investors, including (i) dispatching printed copies of corporate communication documents to shareholders; (ii) using the annual general meeting as a forum for shareholders to raise comments and exchange views with the Board; (iii) setting up regular press conferences and meetings with investors and analysts from time to time to introduce and release information of the Group; (iv) engaging the Company's share registrars to serve the shareholders on all share registration matters; and (v) maintaining a corporate website at www.kamhingintl.com, at which, comprehensive information, updates on the Company's business development and operations are provided.

The shareholders' communication policy helps to ensure ready, equal and timely access to information about the Company for the Shareholders, and, in appropriate circumstances, the investment community at large, so that the Shareholders and stakeholders are able to exercise their rights in an informed manner, and engage actively with the Company.

The Board will review the shareholders' communication policy on a regular basis to ensure its effectiveness.

During the Year, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy through discussions amongst Board members during board meetings. The Company has reviewed communication activities and engagement with Shareholders conducted in 2024 and was satisfied with the implementation and effectiveness of the shareholders' communication policy which allowed Shareholders to engage actively with the Company.

SHAREHOLDERS' RIGHTS

In accordance with the article 58 of the articles of association of the Company, one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings, on a one vote per share basis, in the share capital of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Shareholders may by ordinary resolution elect any person to be a Director. If a shareholder wishes to nominate a person to be elected as a Director, the following documents must be validly served to the Company at the Company's principal place of business in Hong Kong at 23A, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong: (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with his/her information as required to be disclosed under Rule 13.51(2) of the Listing Rules, within the period commencing on the day after the dispatch of the notice of the general meeting appointed for such election and ending on the date falling seven days after the dispatch of the said notice of the general meeting.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Other enquiries or comments raised by any shareholder can be mailed to the Board at the Company's principal place of business in Hong Kong at 23A, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong, through the Company's official website (www.kamhingintl.com), or sent through fax number at (852) 2408 1891, or by using the Company's telephone hotline at (852) 2406 0080.

CORPORATE PURPOSE, STRATEGY AND CORPORATE CULTURE

The Board defines the purpose, values and strategy of the Company and considers that the Company's corporate culture is aligned. The Group is committed to investing in the textile and garment industry, creating value for consumers, and to delivering attractive and sustainable returns to the Shareholders. Despite the ever-changing operating environment, the Group places strong emphasis on workplace safety, employee relations and the efficient use of materials, energy and resources, promoting a culture of ethical conduct and integrity. A healthy corporate culture is important to good corporate governance which is crucial for achieving sustainable long-term success of the Group.

WHISTLEBLOWING POLICY

The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. We encourage reporting of concerns and actual or suspected misconduct or malpractice or unethical acts (e.g. corruption) by any of our staff and/or external parties in any matter related to the Group.

The Group has established a whistleblowing policy which aims to enable the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

ANTI-CORRUPTION POLICY

The Company takes a zero-tolerance approach towards all forms of bribery and corruption and is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times. We strictly prohibit any form of fraud or bribery, and are committed to prevention, deterrence, detection, reporting and investigation of all forms of fraud and bribery.

The Group has established an anti-corruption policy which sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly owned subsidiaries. It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects our business partners including suppliers, contractors and clients to abide by the principles of the policy.

ESG-RELATED MATTERS

The Company adheres to improving internal sustainability governance, strengthening the management and control of corporate development's impact on the environment and society, and creating value for our stakeholders. The Board has overall responsibility for the Company's ESG strategy and reporting, and oversees the overall ESG governance of the Company. In particular, the Board conducts a regular review of the Group's ESG-related matters and considered, among others, (i) the adequacy of resource, staff qualification and experience, training programmes and budget of those relating to Group's ESG performance and reporting; (ii) the changes, since the last annual review, in the nature and extent of significant ESG risks (if any); and (iii) the scope and quality of management's ongoing monitoring of ESG risks. For further details, please refer to the Company's Environmental, Social and Governance Report.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Tai Chin Chun (戴錦春), aged 63, is the Chairman of the Board, an executive Director, a director of most subsidiaries of the Company and co-founder of the Group. He is also a member of the remuneration committee and nomination committee of the Company. Mr. Tai is in charge of the Group's corporate strategy, planning and overall development. He has more than 30 years of experience in the textile industry, in which he served more than 25 years for the Group. Mr. Tai obtained the "World Outstanding Chinese Award 2008" from United World Chinese Association and conferred an Honorary Doctor Degree by The University of West Alabama (Regional University), USA. Mr. Tai is an executive director of Guangdong Chamber of Foreign Investors (廣東外商公會常務理事). He has also been awarded honorary citizenship of Guangzhou Municipal (廣州市榮譽市民), honorary life president of the Nam An (Hong Kong) Association and Fujian Tai's Clan Hong Kong Association (香港南安公會永遠名譽會長、福建旅港戴氏宗親會永遠榮譽會長). Mr. Tai conferred an Honorary Consulate of The Republic of Mauritius in Hong Kong Special Administration Region ("HKSAR") from January 2010 to June 2022, and was a member of the tenth to twelfth Guangdong Provisional Committee of CPPCC (中國人民政治協商會議廣東省委員會第十至十二屆委員). Mr. Tai is the younger brother of Mr. Tai Chin Wen and the spouse of Ms. Cheung So Wan.

Mr. Tai Chin Wen (戴錦文), aged 69, is an executive Director, the Chief Executive Officer, a director of most subsidiaries of the Company and co-founder of the Group. He is also a member of the remuneration committee and nomination committee of the Company. Mr. Tai is in charge of the Group's operations management. He has over 30 years of management experience in the manufacturing industry, in which he served more than 25 years for the Group. Mr. Tai is a vice chairman of Hubei Chinese Overseas Friendship Association (湖北省海外聯誼會副會長), executive chairman of Guangdong Jiangmen City Association of Foreign Investment (廣東省江門市外商投資協會執行會長), honorary life chairman of World of Dai Clan Governing Council (世界戴氏宗親總會永遠榮譽理事長) and honorary life president of Fujian Tai's Clan Hong Kong Association (福建旅港戴氏宗親會永遠榮譽會長). He has also been awarded honorary citizenship of Guangzhou Municipal and Jiangmen (廣州市榮譽市民及江門市榮譽市民), honorary life chairman of Hong Kong Federation of Fujian Association (香港福建社團聯會永遠名譽主席), managing vice president of Federation of Hong Kong Hubei Associations (香港湖北社團總會常務副會長) and honorary life president of the Nam An (Hong Kong) Association (香港南安公會永遠名譽會長). Mr. Tai was a standing member of the eleventh to twelfth Hubei Committee of CPPCC (中國人民政治協商會議湖北省委員會第十一至十二屆委員). Mr. Tai is the elder brother of Mr. Tai Chin Chun and the spouse of Ms. Wong Siu Yuk.

Ms. Cheung So Wan (張素雲), aged 61, is an executive Director and the Chief Operating Officer. She is also a director of some subsidiaries of the Group. She is in charge of the Group's day to day management, including sales and marketing, yarn sourcing, quality control, stock control, systematic and digital management in the Group, and assists in the overall management of the Group. Ms. Cheung joined the Group in November 1996 and has more than 20 years of experience in the textile industry. Ms. Cheung is the spouse of Mr. Tai Chin Chun.

Ms. Wong Siu Yuk (黃少玉), aged 63, is an executive Director. She is also a director of some subsidiaries of the Group. She is responsible for dyeing material sourcing, quality control and stock control in the Group, and assists in the overall management of the Group. Ms. Wong joined the Group in December 1996 and has more than 20 years of experience in the textile industry. Ms. Wong is the spouse of Mr. Tai Chin Wen.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Director

Mr. Lei Heong Man (李向民), aged 65, served as an executive Director from 1 January 2020 until being redesignated as a non-executive Director with effect from 1 January 2025. Mr. Lei has over 30 years of experience in regional financial and operational management in multinational corporations and listed companies, and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Lei holds a Bachelor Degree in Accountancy, Finance and Economics from the University of Essex, and a Master of Business Administration Degree from The University of Wales, the United Kingdom. Mr. Lei joined the Group in June 2009.

Independent Non-Executive Directors

Mr. Ho Gilbert Chi Hang (何智恒), aged 48, is a member and the chairman of the nomination committee, and a member of the remuneration committee and audit committee of the Company. Mr. Ho holds a Bachelor of Commerce Degree and a Bachelor of Laws Degree from the University of Sydney, Australia and was admitted as a solicitor admitted in New South Wales, Australia and England and Wales and a solicitor and barrister admitted in the High Court of Australia. Mr. Ho is also a fellow member of CPA Australia.

Mr. Ho is the General Committee Member of the Hong Kong General Chamber of Commerce (香港總商會理事會), the Vice Chairman of the China Committee of Hong Kong General Chamber of Commerce (香港總商會中國委員會), the Vice Chairperson of the Chamber of Hong Kong Listed Companies (香港上市公司商會常務委員會), the Deputy Chairman of the Greater Bay Area Committee of CPA Australia (澳洲會計師公會大灣區委員會), a member of the Hong Kong Logistics Development Council (香港物流發展局), a member of the Advisory Council on Career Development of Hong Kong University of Science and Technology (香港科技大學職業發展顧問委員會), and a standing committee member of the Youth Federation of Inner Mongolia (內蒙古自治區青年聯合會). Mr. Ho was a committee member of Industry Advisory Committee of Insurance Authority (保險業監管局業界諮詢委員會) from June 2020 to May 2022 and a committee member of the Chinese People's Political Consultative Conference of Shenyang (中國人民政治協商會議瀋陽市委員會) from December 2007 to December 2021.

Mr. Ho is the co-chief executive officer of Chow Tai Fook Enterprises Limited. He also serves as an executive director and group co-chief executive officer of CTF Services Limited (formerly known as NWS Holdings Limited) (stock code: 0659). He was appointed as an executive director of New World Development Company Limited (stock code: 0017) on 29 November 2024 and is also an independent non-executive director of Asia Allied Infrastructure Holdings Limited (stock code: 0711), and a non-executive director of Shoucheng Holdings Limited (stock code: 0697), all of the above-mentioned companies are listed companies in Hong Kong. He was a non-executive director of Wai Kee Holdings Limited (stock code: 0610), a listed company in Hong Kong, from 31 December 2018 to 26 June 2024. He joined the Group on 4 May 2010.

Mr. Ting Kay Loong (丁基龍), aged 63, is a member and chairman of the remuneration committee, and a member of the audit committee and nomination committee of the Company. He holds a Bachelor of Economics Degree from Macquarie University, Australia and is a fellow member of the Australian Society of Certified Public Accountants. Mr. Ting has over 25 years of experience in financial services industry. He had worked for Shenwan Hongyuan Capital (H.K.) Limited (formerly known as Shenyin Wanguo Capital (H.K.) Limited), Haitong International Capital Limited (formerly known as Tai Fook Capital Limited) and several listed companies in Hong Kong. Mr. Ting joined the Group on 14 July 2017.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu Tak Lung (吳德龍), aged 59, is a member and chairman of the audit committee, and a member of nomination committee and remuneration committee of the Company. He holds a bachelor's degree of business administration in accounting from the Hong Kong Baptist University and a master's degree of business administration jointly issued by the University of Manchester and the University of Wales. Additionally, he has acquired the ESG Reporting Certification Course Certificate issued by the Hong Kong Chartered Governance Institute. He is an Accounting Expert of the Ministry of Finance of The State Council of the PRC. Also, he is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong, the Hong Kong Chartered Governance Institute and the senior fellow member of Hong Kong Securities and Investment Institute. He had worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years and was then employed by several companies in Hong Kong as head of corporate finance and/or executive director. Mr. Wu joined the Group on 1 December 2016.

Mr. Wu serves as an independent non-executive director of each of Henan Jinma Energy Company Limited (stock code: 6885), Sinopharm Group Co., Ltd. (stock code: 1099), Zhongguancun Science-Tech Leasing Co., Ltd. (stock code: 1601), all are listed companies in Hong Kong.

Moreover, he was an independent non-executive director of Minth Group Limited (stock code: 425), Sinomax Group Limited (stock code : 1418), companies listed on the Main Board of the Stock Exchange. Certain members and former members of the board of Beijing Media Corporation Limited are subject to certain disciplinary actions taken by the Stock Exchange, details of which in respect of Mr. Wu are set out in the Company's announcement dated 15 February 2022.

Senior Management

Mr. Wong Yi Ming (黃一鳴), aged 60, is the general manager of operations of Guangzhou Kam Hing Textile Dyeing Co., Ltd. (the "Guangzhou KH"), a wholly-owned subsidiary of the Group, and is responsible for the overall management and administration of Guangzhou KH. Mr. Wong obtained a Master Degree of Business Administration from the Zhongshan University. He has over 25 years of management experience in the textile industry. Prior to joining the Group in September 1997, Mr. Wong has worked for PRC companies for over 16 years, where he was responsible for financial and business management. Mr. Wong is the younger brother of Ms. Wong Siu Yuk.

Mr. Ho Yi Piu (何宜標), aged 56, is the director of Kam Hing Piece Works (S) Pte Limited, a wholly-owned subsidiary of the Group. Mr. Ho is the general manager of sales and marketing. Mr. Ho obtained a Diploma in Business Administration from the Society of Business Practitioners, Cheshire, the United Kingdom. Prior to joining the Group in June 1999, Mr. Ho has worked for fabric trading companies and he has over 20 years of experience in the textile industry. Mr. Ho is the son-in-law of the brother of Mr. Tai Chin Chun and Mr. Tai Chin Wen.

Mr. Tai Tang Tat (戴騰達), aged 44, is the general manager of production operations of Guangzhou Kam Hing Textile Dyeing Co., a wholly-owned subsidiary of the Group, and a director of some subsidiaries of the Group. Mr. Tai obtained a Diploma in Computer Science from the Sydney Institute of Business and Technology, Australia. Mr. Tai is the son of Mr. Tai Chin Wen and Ms. Wong Siu Yuk. Mr. Tai joined the Group in March 2002.

Mr. Chan Kin Wang (陳建宏), aged 61, is the general manager of production and operations of En Ping Kam Hing Textile & Dyeing Co., Ltd, a wholly-owned subsidiary of the Group. Mr. Chan has over 30 years of experience in the textile industry. Mr. Chan joined the Group in December 2008.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ang Leong Aik (翁兩益), age 52, is the executive director and chief executive officer of the Garment Sector, responsible for execution overall corporate strategies and operations, setting up the development policies within the Garment group. Mr. Ang has over 15 years of experience in apparel industry gained from a multinational apparel company. Mr. Ang holds a Bachelor degree in Electrical Engineering from the University of Sheffield. Mr. Ang joined the Group in April 2017.

Mr. Ng Choo Chun (黃初俊), age 53, is the executive director and chief production officer and is responsible for overseeing all productions and operations activities of Garment sector. Mr. Ng has over 25 years of experience in multinational garment productions, factory management, manpower training and cost control in Apparel Industry. Mr. Ng joined the Group in April 2017.

Ms. Tai Hiu Shan (戴曉珊), aged 37, is the vice president of Kam Wang (Hong Kong) Garment Co. Ltd., a wholly-owned subsidiary of the Group, and key member of overseas investment team in fabric and garment. Ms. Tai holds a Bachelor Degree in Management with Marketing from the Royal Holloway, University of London in United Kingdom. Ms. Tai is the daughter of Mr. Tai Chin Wen and Ms. Wong Siu Yuk. Ms. Tai joined the Group in May 2012.

Mr. Chang Man Kwong (鄭文廣), aged 41, is the Chief Financial Officer and Company Secretary of the Group and is responsible for the supervision and management of the Group in Finance, Shipping and Information Technology matters. Mr. Chang has nearly ten years of auditing experience, having worked at reputable international accounting firms, where he participated in auditing projects across various sectors and countries. Mr. Chang holds a Bachelor of Business Administration in Accountancy from the City University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chang joined the Group in July 2015.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 41 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Chairman's Statement on pages 5 to 7 and the Management Discussion and Analysis on pages 8 to 13 of this report. Description of possible risks and uncertainties that the Group may be facing can be found in the Management Discussion and Analysis on pages 8 to 9. Also, the financial risk management objectives and policies of the Group are provided in the Management Discussion and Analysis on page 11 and also in note 39 to the financial statements. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the Financial Highlights and Summary and Five-year Financial Summary on pages 3 to 4 and 130 respectively of this report. These discussions form part of this Directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations.

During the Year and up to the date of this report, the Group dœs not have any violation of relevant environmental regulations and rules which have a significant impact to the Group's development, performance and businesses.

The environmental, social and governance report will be published in a separate report to be uploaded on the websites of the Company and the Stock Exchange.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year under review and as at the date of this annual report, the management is of the view that the Company was not aware of any material breach of or non-compliance with any relevant laws and regulations that had a significant impact on the business and operations of our Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

In order to sustain a stable development of the Group, we understand that a good and close relationship with employees, customers and suppliers is one of the key factors to achieve it.

The Group provides a competitive remuneration package and career development opportunities to our employees. We also maintain a safe and healthy working environment.

The Group provides quality products and handles customer needs carefully. In order to meet customer expectations, we ensure there is adequate communication and offer customers with different solutions. We are committed to using our best effort to maintain long term relationships with customers.

The Group has developed good and long-term relationships with our suppliers to maintain steady supplies with good qualities. We proactively communicate with our suppliers and perform regular quality control to ensure the quality of supplies.

REPORT OF THE DIRECTORS

RESULTS AND DIVIDENDS

The Group's results for the Year and the financial position of the Group at that date are set out in the financial statements on pages 42 to 128.

The Board recommends the payment of a final dividend of HK0.7 cent per share for the Year (2023: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, is set out on page 130. That summary dœs not form part of the audited financial statements.

SHARE CAPITAL AND SHARE OPTIONS

There were no movements in the Company's share capital and share options during the Year.

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 which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares) during the Year. As at 31 December 2024, there were no treasury share held by the Company.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, amounting to HK$1,045,919,000. The amount of HK$1,045,919,000 includes the Company's share premium account and capital reserve of HK$848,112,000 in aggregate as at 31 December 2024, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be able to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totalling HK$1,915,000.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for 41.1% (2023: 36.1%) of the total sales and sales to the largest customer included therein accounted for 17.8% (2023: 14.4%). Purchases from the Group's five largest suppliers accounted for 25.7% (2023: 38.5%) of the total purchases for the Year and purchases from the largest supplier included therein accounted for 6.7% (2023: 10.1%).

None of the Directors, their respective close associates (as defined in the Listing Rules) or shareholders of the Company (which to the knowledge of the Directors) who own more than five percent of the issued capital of the Company (excluding treasury shares, if any), had any interest in the Group's five largest customers and/or suppliers during the Year.

DIRECTORS

The Directors during the Year and as at the date of this report were:

Executive Directors:

Mr. Tai Chin Chun *(Chairman)*
Mr. Tai Chin Wen *(Chief Executive Officer)*
Ms. Cheung So Wan *(Chief Operating Officer)*
Ms. Wong Siu Yuk

Non-executive Director:

Mr. Lei Heong Man *(redesignated from executive Director to non-executive Director on 1 January 2025)*

Independent non-executive Directors:

Mr. Ho Gilbert Chi Hang
Mr. Ting Kay Loong
Mr. Wu Tak Lung

In accordance with article 87(1) of the Company's articles of association, Ms. Cheung So Wan, Mr. Lei Heong Man and Mr. Ho Gilbert Chi Hang will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence from Mr. Ho Gilbert Chi Hang, Mr. Ting Kay Loong and Mr. Wu Tak Lung, and considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 25 to 28 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Director and the independent non-executive Directors has a service contract with the Company for a term of three years, one year and two years, respectively and is subject to termination by either party by giving not less than three or six months', one month's and one month's written notice, respectively.

Under the service contracts, after each complete year of service, each of the executive Directors may, subject to the discretion of the Board, be entitled to discretionary bonuses, with reference to their duties and responsibilities with the Company, their performance against corporate goals and objectives, the remuneration standard in the market and salaries paid by the comparable companies.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Directors' remuneration is subject to shareholders' approval at general meetings with reference to the recommendation of the Company's remuneration committee. The Group's emolument policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to its employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

The principal elements of the Group's remuneration packages include basic salaries, discretionary bonuses, housing benefits and share option benefits. As disclosed in note 8 to the financial statements, four of the executive Directors had agreed to waive their emoluments through a temporary reduction of their basic remuneration of approximately 25% for the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the related party transactions disclosures in note 35 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the Year.

DISCLOSURE OF INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Ho Gilbert Chi Hang, an independent non-executive Director, has resigned as a non-executive director of Wai Kee Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0610), with effect from 26 June 2024. He was appointed as the group co-chief executive officer of CTF Services Limited (formerly known as NWS Holdings Limited) (stock code: 0659) on 1 January 2024, and an executive director of New World Development Company Limited (stock code: 0017) on 29 November 2024, all of the abovementioned companies are listed companies in Hong Kong.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the year ended 31 December 2024.

EQUITY FUND RAISING ACTIVITIES

There was no equity fund raising by the Company during the Year, nor were there any unutilised proceeds brought forward from any issue of equity securities made in previous financial years.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with any of the businesses of the Group.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of the Directors or the chief executive of the Company in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares and underlying shares of the Company:

		Capacity and nature of interest				Approximate percentage of the Company's issued share capital
Name of Director	Notes	Beneficial owner (shares)	Interest of spouse (shares)	Interest in controlled corporation (shares)	Total interests (shares)	(%)
Mr. Tai Chin Chun	1	3,000,000	1,000,000	332,600,000	336,600,000	38.69
Mr. Tai Chin Wen	2	2,000,000	1,000,000	96,000,000	99,000,000	11.38
Ms. Cheung So Wan	3	1,000,000	335,600,000	–	336,600,000	38.69
Ms. Wong Siu Yuk	4	1,000,000	98,000,000	–	99,000,000	11.38
Mr. Lei Heong Man		200,000	–	–	200,000	0.02

Notes:

1. 332,600,000 shares are held by Exceed Standard Limited ("Exceed Standard"), a company incorporated in the British Virgin Islands (the "BVI") and beneficially owned by Mr. Tai Chin Chun, the chairman and an executive Director. As Ms. Cheung So Wan is his spouse, Mr. Tai Chin Chun is deemed to be interested in the 1,000,000 shares held by Ms. Cheung So Wan under the SFO.

2. 96,000,000 shares are held by Power Strategy Limited ("Power Strategy"), a company incorporated in the BVI and beneficially owned by Mr. Tai Chin Wen. As Ms. Wong Siu Yuk is his spouse, Mr. Tai Chin Wen is deemed to be interested in the 1,000,000 shares held by Ms. Wong Siu Yuk under the SFO.

3. Ms. Cheung So Wan is deemed to be interested in the shares held by her spouse, Mr. Tai Chin Chun, under the SFO.

4. Ms. Wong Siu Yuk is deemed to be interested in the shares held by her spouse, Mr. Tai Chin Wen, under the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors nor the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgement is given in his favor, or in which he is acquitted.

The Company has maintained Directors' liability insurance during the year ended 31 December 2024 and up to the date of this annual report which provides appropriate cover for the Directors.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' interests and short positions in shares and underlying shares" above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Year.

SHARE OPTION SCHEME

During the Year, no share options were granted, exercised, lapsed, forfeited or cancelled by the Company under the share option scheme of the Company adopted in June 2014 (the "Scheme") and there were no share options outstanding as at 31 December 2024. The Scheme has expired on 8 June 2024. The number of options available for grant under the scheme mandate at the beginning and the end of the Year is 86,991,900 and 0 respectively. The total number of shares available for issue under the Scheme is 0 Shares as at 31 December 2024 due to the expiry of the Scheme. Details of the share option scheme are further set out in note 30 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Monday, 9 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 2 June 2025.

For determining the entitlement to the proposed final dividend for the Year (subject to approval by the shareholders at the AGM), the register of members of the Company will be closed on Friday, 13 June 2025, on which no transfer of shares of the Company will be registered. In order to be eligible for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 12 June 2025.

RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group during the Year are set out in note 35 to the financial statements. Except for transactions with an associate indicated therein which do not constitute connected transactions within the meaning of the Listing Rules, these related party transactions are connected transactions as defined under the Listing Rules but are fully exempted from disclosure under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2024, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions:

Name	Capacity and nature of interest (Note)	Number of ordinary shares held	Percentage of the Company's issued share capital
Exceed Standard	Beneficial owner	332,600,000	38.23
Power Strategy	Beneficial owner	96,000,000	11.04

Note: The relationship between Exceed Standard and Mr. Tai Chin Chun, as well as that between Power Strategy and Mr. Tai Chin Wen are disclosed in the notes under the section headed "Directors' interests and short positions in shares and underlying shares" above.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors or the chief executive of the Company whose interests are set out under the sections headed "Directors' interests and short positions in shares and underlying shares" above, had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register pursuant to section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITOR

The Company's auditor, Ernst & Young shall retire in the forthcoming annual general meeting of the Company. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Tai Chin Chun
Chairman

Hong Kong
31 March 2025

INDEPENDENT AUDITOR'S REPORT

EY 安永

To the shareholders of Kam Hing International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kam Hing International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 128, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of 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 policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

To the shareholders of Kam Hing International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of accounts receivable	
Accounts receivable accounted for 20% and 10% of the net assets and total assets of the Group, respectively, and were significant to the consolidated statement of financial position of the Group as at 31 December 2024. The Group recognised an allowance for expected credit losses ("ECLs") for accounts receivable balances and established a provision matrix for the purpose of impairment assessment. Significant judgement is involved in the estimation and assessment of the correlation among historical observed default rate, forecast economic conditions and ECLs. Details of accounts receivable are disclosed in notes 2.4, 3 and 21 to the consolidated financial statements.	We obtained management's impairment assessment on the accounts receivable balances and checked the calculation. We also assessed the underlying assumptions adopted by management in the provision matrix, with reference to various factors such as the ageing of accounts receivable balances, the credit terms granted by the Group, the historical repayment patterns and settlement received from customers subsequent to the end of the reporting period on selected sample basis, and forward-looking factors.

To the shareholders of Kam Hing International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment	
The net carrying amount of the property, plant and equipment accounted for 51% and 26% of the net assets and total assets of the Group, respectively, and were significant to the consolidated statement of financial position of the Group as at 31 December 2024. These property, plant and equipment relate to the production and sale of knitted fabric cash-generating unit and production and sale of garment products cash-generating unit. Management assesses whether there are any indicators of impairment for these assets at the end of each reporting year, and performs impairment assessments when an impairment indicator is identified. The impairment assessments are based on the recoverable amounts of the cash-generating units. Management's assessment process involves a high level of judgements and estimates, including the estimation of expected future cash flows and the use of other assumptions, such as terminal growth rate and discount rate applied, which are sensitive to expected future market or economic conditions and the cash-generating units' actual performance. Details of property, plant and equipment are included in notes 2.4, 3 and 13 to the consolidated financial statements.	Our audit procedures included, among others, involving our valuation specialists to assist us in evaluating the methodologies and key assumptions used by management in the discounted cash flow forecasts, including discount rate and terminal growth rate. We also compared the forecasts prepared by management with the historical performance of the cash-generating units and the business development plan.

To the shareholders of Kam Hing International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements dœs 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

To the shareholders of Kam Hing International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

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

As part of an audit in accordance with HKSAs, 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 units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

To the shareholders of Kam Hing International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kwong Ka Yan.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	5	**3,824,324**	3,604,357
Cost of sales		**(3,401,933)**	(3,309,180)
Gross profit		**422,391**	295,177
Other income and gains, net	5	**60,416**	85,334
Selling and distribution expenses		**(109,430)**	(98,259)
Administrative expenses		**(282,853)**	(294,348)
Write-back of impairment losses on financial assets, net		**8,098**	702
Other operating expenses, net		**(135)**	(8,548)
Finance costs	6	**(57,550)**	(104,734)
Share of profits/(losses) of associates		**532**	(314)
PROFIT/(LOSS) BEFORE TAX	7	**41,469**	(124,990)
Income tax expense	10	**(12,974)**	(9,781)
PROFIT/(LOSS) FOR THE YEAR		**28,495**	(134,771)
Attributable to:			
Ordinary equity holders of the Company		**28,155**	(132,908)
Non-controlling interests		**340**	(1,863)
		28,495	(134,771)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		**HK3.2 cents**	HK(15.3) cents
Diluted		**HK3.2 cents**	HK(15.3) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**28,495**	(134,771)
OTHER COMPREHENSIVE EXPENSES		
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**–**	(124,761)
Share of other comprehensive expenses of an associate	**–**	(41)
Net other comprehensive expenses that may be reclassified to profit or loss in subsequent periods	**–**	(124,802)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**49,418**	–
Income tax effect	**(7,413)**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**42,005**	–
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	**42,005**	(124,802)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	**70,500**	(259,573)
Attributable to:		
Ordinary equity holders of the Company	**70,160**	(257,710)
Non-controlling interests	**340**	(1,863)
	70,500	(259,573)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**875,715**	1,000,920
Investment property	14	**54,227**	–
Right-of-use assets	15(a)	**162,277**	195,341
Goodwill	16	**405**	–
Interests in associates	17	**5,277**	1,480
Properties under development	19	**53,674**	–
Prepayments		**33,173**	4,282
Long-term receivables		**39,558**	38,348
Deposits paid	18	**4,902**	2,376
Deferred tax assets	28	**37,224**	39,478
Total non-current assets		**1,266,432**	1,282,225
CURRENT ASSETS			
Properties under development	19	**–**	53,674
Inventories	20	**826,683**	888,436
Accounts and bills receivables	21	**518,455**	493,070
Prepayments, deposits and other receivables		**113,792**	95,783
Financial asset at fair value through profit or loss	22	**209**	224
Tax recoverable		**61**	5,047
Pledged deposits and restricted bank balances	23	**37,285**	45,539
Cash and cash equivalents	23	**672,814**	916,088
Total current assets		**2,169,299**	2,497,861
CURRENT LIABILITIES			
Accounts and bills payables	24	**607,894**	678,829
Accrued liabilities and other payables	25	**167,780**	163,790
Due to an associate	17	**947**	947
Tax payable		**6,406**	847
Lease liabilities	15(b)	**5,514**	5,283
Interest-bearing bank borrowings	26	**697,123**	883,770
Total current liabilities		**1,485,664**	1,733,466
NET CURRENT ASSETS		**683,635**	764,395
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,950,067**	2,046,620

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	26	**189,812**	377,766
Lease liabilities	15(b)	**27,557**	14,347
Deferred tax liabilities	28	**10,792**	4,056
Total non-current liabilities		**228,161**	396,169
Net assets		**1,721,906**	1,650,451
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	29	**86,992**	86,992
Reserves	31	**1,633,696**	1,563,536
		1,720,688	1,650,528
Non-controlling interests		**1,218**	(77)
Total equity		**1,721,906**	1,650,451

Tai Chin Chun
Director

Tai Chin Wen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to ordinary equity holders of the Company										
	Issued capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Asset revaluation reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	86,992	446,105	104,804	74,331	–	(11,979)	(100,741)	1,051,016	1,650,528	(77)	1,650,451
Profit for the year	–	–	–	–	–	–	–	28,155	28,155	340	28,495
Other comprehensive income for the year:											
Gain on property revaluation, net of tax	–	–	–	–	42,005	–	–	–	42,005	–	42,005
Total comprehensive income for the year	–	–	–	–	42,005	–	–	28,155	70,160	340	70,500
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	955	955
At 31 December 2024	86,992	446,105*	104,804*	74,331*	42,005*	(11,979)*	(100,741)*	1,079,171*	1,720,688	1,218	1,721,906

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Attributable to ordinary equity holders of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	86,992	446,105	104,804	79,337	(11,979)	24,061	1,183,879	1,913,199	4,450	1,917,649
Loss for the year	–	–	–	–	–	–	(132,908)	(132,908)	(1,863)	(134,771)
Other comprehensive expenses for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(124,761)	–	(124,761)	–	(124,761)
Share of other comprehensive expenses of an associate	–	–	–	–	–	(41)	–	(41)	–	(41)
Total comprehensive expenses for the year	–	–	–	–	–	(124,802)	(132,908)	(257,710)	(1,863)	(259,573)
Distribution of statutory surplus reserve upon deregistration of subsidiaries	–	–	–	(5,006)	–	–	–	(5,006)	–	(5,006)
Forfeiture of unclaimed dividend	–	–	–	–	–	–	45	45	–	45
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(2,664)	(2,664)
At 31 December 2023	86,992	446,105*	104,804*	74,331*	(11,979)*	(100,741)*	1,051,016*	1,650,528	(77)	1,650,451

* These reserve accounts comprise the consolidated reserves of HK$1,633,696,000 (2023: HK$1,563,536,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**41,469**	(124,990)
Adjustments for:			
Share of losses/(profits) of associates	17	**(532)**	314
Bank interest income	5	**(6,611)**	(28,023)
Fair value losses:			
Financial asset at fair value through profit or loss	5	**15**	332
Interest on bank loans and overdrafts	6	**54,785**	89,948
Amortisation of bank charges on syndicated loans	6	**1,908**	13,861
Interest on lease liabilities	6	**857**	925
Depreciation of items of property, plant and equipment	7	**203,049**	245,876
Depreciation of right-of-use assets	7	**12,870**	13,759
Gain on early termination of lease arrangements	7	**–**	(2,704)
Loss on disposal of items of property, plant and equipment, net	7	**1,720**	11,822
Write-off of inventories	7	**–**	1,946
Write-back of impairment of accounts receivable, net	7	**(8,197)**	(702)
Write-off of other receivables	7	**99**	–
Changes in fair value of investment property	14	**2,221**	–
Gain on disposal of a subsidiary	7	**(32,598)**	–
Loss on deregistration of subsidiaries	7	**–**	1,819
		271,055	224,183
Decrease/(increase) in inventories		**63,100**	(64,168)
(Increase)/decrease in accounts and bills receivables		**(15,346)**	69,161
Increase in prepayments, deposits and other receivables		**(24,733)**	(30,316)
(Decrease)/increase in accounts and bills payables		**(70,935)**	242,404
Decrease in accrued liabilities and other payables		**(2,805)**	(55,308)
Exchange realignment		**–**	(69,911)
Cash generated from operations		**220,336**	316,045
Interest received		**6,611**	28,023
Interest paid		**(54,785)**	(89,948)
Interest element of lease payments		**(857)**	(925)
Hong Kong profits tax refunded		**2,301**	9
Hong Kong profits tax paid		**(151)**	(2,539)
Overseas taxes refunded		**658**	–
Overseas taxes paid		**(3,660)**	(17,507)
Net cash flows from operating activities		**170,453**	233,158

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13, 27(a)	**(86,731)**	(162,943)
Proceeds from disposal of items of property, plant and equipment		**2,347**	2,928
Acquisition of a subsidiary	32	**166**	–
Disposal of a subsidiary	33	**53,311**	–
Increase in interest in associates		**(3,265)**	–
Increase in long-term receivables		**(1,210)**	(1,173)
(Placement)/withdrawal of long-term deposits paid	27(a)	**(2,526)**	4,883
Withdrawal/(placement) of pledged deposits and restricted bank balances		**8,254**	(7,751)
Net cash flows used in investing activities		**(29,654)**	(164,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	27(b)	**(6,159)**	(6,109)
Drawdown of bank loans		**1,646,079**	2,537,289
Repayment of bank loans		**(2,023,993)**	(2,751,880)
Dividend paid to non-controlling shareholders		**–**	(2,664)
Net cash flows used in financing activities		**(384,073)**	(223,364)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(243,274)**	(154,262)
Cash and cash equivalents at beginning of year		**916,088**	1,074,555
Effect of foreign exchange rate changes, net		**–**	(4,205)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**672,814**	916,088
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**612,814**	849,825
Non-pledged time deposits with original maturity of less than three months when acquired	23	**60,000**	66,263
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows	23	**672,814**	916,088

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 November 2003 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The principal place of business of the Company is located at 23A, TML Tower, No.3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 41 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment property which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

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

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

2. ACCOUNTING POLICIES (continued)

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, financial assets, investment property and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset dœs not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	5% to 20%, or over the lease terms, whichever is shorter
Plant and machinery	10%
Furniture, fixtures and office equipment	12% to 20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 *Property, Plant and Equipment*.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development represent properties being developed for sale and are stated at lower of cost and net realisable value. Cost comprises the prepaid land lease payments or cost of land together with any other direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by the directors based on the prevailing market prices on an individual property basis less estimated costs of completion and costs to be incurred in selling the property.

Once the development of these properties is completed, these properties are transferred to completed properties for sale.

If a property under development is intended to be redeveloped into an owner-occupied property, it is transferred to construction in progress at the carrying amount.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets (continued)

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	3 to 50 years
Buildings	2 to 5 years
Plant and machinery	2 to 10 years
Motor vehicle	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of property and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group dœs not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in other income in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For accounts receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group dœs not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables.

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

The Group's financial liabilities include accounts and bills payables, financial liabilities included in accrued liabilities and other payables, lease liabilities, interest-bearing bank borrowings and an amount due to an associate.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

Offsetting of financial instruments

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and dœs not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and dœs not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

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

Revenue from the sale of knitted fabric, dyed yarns and garment products and provision of related subcontracting services is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the knitted fabric, dyed yarns and garment products.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Rental income is recognised on a time proportion basis over the lease terms.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities

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

Employee benefits

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

The Group is obligated to make long service payment to qualifying employees in Hong Kong with a minimum of 5 years' employment period upon retirement or termination of employment under certain circumstances, in accordance with the Hong Kong Employment Ordinance (the "Employment Ordinance"). Long service payment is calculated based on the last monthly salary of the employee and the number of years of service. There are provisions under the Employment Ordinance permitting employers to offset employees' long service payment against the accrued benefits attributable to employers' contributions to the MPF Scheme. In 2022, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Amendment Bill") was enacted, such that the Group can no longer use accrued benefits arising from MPF mandatory employer contributions to offset employees' long service payment accrued as from the transition date (i.e., 1 May 2025). The enactment of the Amendment Bill is treated as a plan amendment. Except for the statutory right to offset as described above, the long service payment benefits are unfunded.

The net long service payment obligations are exposed to interest rate risk, the risk arising from changes in employees' average longevity at retirement or termination of employment, expected rate of future salary increase and market risk associated with investment returns of employees' MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China and Cambodia are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which dœs not meet these criteria is expensed when incurred.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend. The Group considers that if the profits will not be distributed in the foreseeable future, then no withholding taxes should be provided.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, which may cause an adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment allowance for accounts receivable

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's accounts receivable is disclosed in note 21 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the fabric segment engages in the production and sale of knitted fabric, sales of dyed yarns and provision of related subcontracting services;

(b) the garment segment engages in the production and sale of garment products and provision of related subcontracting services; and

(c) the "others" segment includes the provision of sewage treatment service and the provision of air and ocean freight handling services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

4. OPERATING SEGMENT INFORMATION (continued)

Intersegment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2024

	Fabric HK$'000	Garment HK$'000	Others HK$'000	Total HK$'000
Segment revenue: (note 5)				
Revenue from external customers	3,038,178	786,146	–	3,824,324
Intersegment sales	217,542	–	–	217,542
	3,255,720	786,146	–	4,041,866
Elimination of intersegment sales				(217,542)
				3,824,324
Segment profit/(loss)	56,318	2,685	(582)	58,421
Bank interest income	6,363	213	35	6,611
Finance costs (other than interest on lease liabilities)	(55,920)	(773)	–	(56,693)
Gain on disposal of a subsidiary	32,598	–	–	32,598
Share of profits of associates	–	532	–	532
Profit/(loss) before tax	39,359	2,657	(547)	41,469
Income tax credit/(expense)	(13,069)	(140)	235	(12,974)
Profit/(loss) for the year	26,290	2,517	(312)	28,495
Assets and liabilities				
Segment assets	2,602,921	630,202	160,107	3,393,230
Interests in associates	–	5,277	–	5,277
Deferred tax assets	17,747	–	19,477	37,224
Total assets	2,620,668	635,479	179,584	3,435,731
Segment liabilities	(1,514,627)	(33,190)	(155,216)	(1,703,033)
Deferred tax liabilities	(7,079)	–	(3,713)	(10,792)
Total liabilities	(1,521,706)	(33,190)	(158,929)	(1,713,825)
Other segment information:				
Depreciation of items of property, plant and equipment	187,965	11,035	4,049	203,049
Depreciation of right-of-use assets	9,244	3,055	571	12,870
Loss on disposal of items of property, plant and equipment	1,536	184	–	1,720
Change in fair value of an investment property	2,221	–	–	2,221
Write-back of impairment of accounts receivable, net	(5,288)	(2,909)	–	(8,197)
Write-off of other receivables	85	–	14	99
Capital expenditure*	68,221	18,654	4,762	91,637

* Capital expenditure consists of additions of property, plant and equipment including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023

	Fabric HK$'000	Garment HK$'000	Others HK$'000	Total HK$'000
Segment revenue: (note 5)				
Revenue from external customers	2,944,793	659,564	–	3,604,357
Intersegment sales	134,616	344	–	134,960
	3,079,409	659,908	–	3,739,317
Elimination of intersegment sales				(134,960)
				3,604,357
Segment loss	(43,224)	(2,706)	(1,141)	(47,071)
Bank interest income	26,579	1,279	165	28,023
Finance costs (other than interest on lease liabilities)	(103,716)	(93)	–	(103,809)
Loss on deregistration of subsidiaries	(1,819)	–	–	(1,819)
Share of loss of an associate	–	(314)	–	(314)
Loss before tax	(122,180)	(1,834)	(976)	(124,990)
Income tax credit/(expense)	(9,622)	(189)	30	(9,781)
Loss for the year	(131,802)	(2,023)	(946)	(134,771)
Assets and liabilities				
Segment assets	3,109,875	542,994	86,259	3,739,128
Interests in associates	–	1,480	–	1,480
Deferred tax assets	20,001	–	19,477	39,478
Total assets	3,129,876	544,474	105,736	3,780,086
Segment liabilities	(2,026,814)	(95,478)	(3,287)	(2,125,579)
Deferred tax liabilities	(4,056)	–	–	(4,056)
Total liabilities	(2,030,870)	(95,478)	(3,287)	(2,129,635)
Other segment information:				
Depreciation of items of property, plant and equipment	238,424	6,529	923	245,876
Depreciation of right-of-use assets	6,808	5,451	1,500	13,759
Loss/(gain) on disposal of items of property, plant and equipment, net	11,838	(16)	–	11,822
Impairment/(write-back of impairment) of accounts receivable, net	(4,307)	3,605	–	(702)
Write-off of inventories	–	1,946	–	1,946
Capital expenditure*	88,989	77,330	4,089	170,408

* Capital expenditure consists of additions of property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2024 HK$'000	2023 HK$'000
Korea	1,620,700	1,430,276
Mainland China	591,672	613,478
Singapore	437,161	257,168
Hong Kong	313,045	270,031
Taiwan	185,421	209,494
United States	134,862	133,793
United Kingdom	133,847	181,728
Vietnam	86,486	71,967
Others	321,130	436,422
Total revenue	3,824,324	3,604,357

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 HK$'000	2023 HK$'000
Mainland China	907,950	970,858
Cambodia	146,083	141,776
Hong Kong	74,171	47,567
Singapore	2,191	118
Others	5,176	44,080
	1,135,571	1,204,399

The non-current assets information above is based on the locations of the assets and excludes certain non-current assets such as goodwill, long-term receivables and deferred tax assets.

Information about a major customer

During the year ended 31 December 2024, revenue of approximately HK$681,762,000 (2023: HK$517,301,000) was derived from sales by the fabric products segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers		
Production and sale of knitted fabric, sale of dyed yarns and provision of related subcontracting services (2023: production and sale of knitted fabric and dyed yarns)	3,038,178	2,944,793
Production and sale of garment products and provision of related subcontracting services	786,146	659,564
Total	3,824,324	3,604,357

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Fabric HK$'000	Garment HK$'000	Total HK$'000
Types of goods or services			
Sale of goods	3,037,345	738,616	3,775,961
Subcontracting services	833	47,530	48,363
Total	3,038,178	786,146	3,824,324
Geographical markets			
Korea	1,620,700	–	1,620,700
Mainland China	387,062	204,610	591,672
Singapore	286,173	150,988	437,161
Hong Kong	262,187	50,858	313,045
Taiwan	185,421	–	185,421
United States	51	134,811	134,862
United Kingdom	–	133,847	133,847
Vietnam	86,486	–	86,486
Others	210,098	111,032	321,130
Total	3,038,178	786,146	3,824,324
Timing of revenue recognition			
At a point in time	3,038,178	786,146	3,824,324

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Segments	Fabric HK$'000	Garment HK$'000	Total HK$'000
Types of goods or services			
Sale of goods	2,944,793	630,358	3,575,151
Subcontracting services	–	29,206	29,206
Total	2,944,793	659,564	3,604,357
Geographical markets			
Korea	1,430,276	–	1,430,276
Mainland China	463,170	150,308	613,478
Hong Kong	220,014	50,017	270,031
Singapore	231,162	26,006	257,168
Taiwan	209,494	–	209,494
United Kingdom	–	181,728	181,728
United States	–	133,793	133,793
Vietnam	71,967	–	71,967
Others	318,710	117,712	436,422
Total	2,944,793	659,564	3,604,357
Timing of revenue recognition			
At a point in time	2,944,793	659,564	3,604,357

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

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**4,853**	21,133

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Sale of knitted fabric, dyed yarns and garment products, and provision of related subcontracting services

The performance obligation is satisfied upon delivery of the knitted fabric, dyed yarns and garment products and payment is generally due within one month to three months from delivery, except for certain well-established customers with strong financial strength, good repayment history and creditworthiness, where the credit terms are extended to six months.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to sale of knitted fabric, dyed yarns and garment products, and provision of related subcontracting services are a part of contracts that have an original expected duration of less than one year.

	Note	2024 HK$'000	2023 HK$'000
Other income			
Fee income from sewage treatment		27,148	21,476
Fee income from freight handling services		7,970	6,500
Bank interest income		6,611	28,023
Subsidy income	7	582	15,835
Rental income		2,123	596
Others		15,997	10,532
Total other income		60,431	82,962
Gains/(losses), net			
Fair value losses:			
Financial asset at fair value through profit or loss – held for trading		(15)	(332)
Gain on early termination of lease arrangements		–	2,704
Total gain/(losses), net		(15)	2,372
Total other income and gains, net		60,416	85,334

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on bank loans and overdrafts	**54,785**	89,948
Interest on lease liabilities	**857**	925
Amortisation of bank charges on syndicated loans	**1,908**	13,861
Total	**57,550**	104,734

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2024 HK$'000	2023 HK$'000
Cost of inventories sold and services provided		**3,401,933**	3,309,180
Auditor's remuneration		**3,847**	3,647
Research and development costs		**54,167**	138,869
Depreciation of items of property, plant and equipment	13	**203,049**	245,876
Depreciation of right-of-use assets	15(a)	**12,870**	13,759
Employee benefit expense			
(excluding directors' remuneration – note 8):			
Wages and salaries		**505,546**	488,348
Pension scheme contributions***		**44,897**	44,704
Total		**550,443**	533,052
Lease payments not included in the measurement of lease liabilities	15(c)	**2,082**	1,978
Gain on early termination of lease arrangements*****	15(c)	**–**	(2,704)
Loss on disposal of items of property, plant and equipment, net*		**1,720**	11,822
Changes in fair value of investment property*		**2,221**	–
Loss on deregistration of subsidiaries*		**–**	1,819
Gain on disposal of a subsidiary*	33	**(32,598)**	–
Write-back of impairment of accounts receivable, net*	21	**(8,197)**	(702)
Write-off of other receivables*		**99**	–
Write-off of inventories**		**–**	1,946
Foreign exchange differences, net*		**1,662**	(52,302)
Subsidy income****		**(582)**	(15,835)

7. PROFIT/(LOSS) BEFORE TAX (continued)

* These amounts are included in "Other operating expenses, net" on the face of the consolidated statement of profit or loss.

** This amount is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**** Subsidy income mainly represented the amount received from governments under research and development schemes and employment schemes. There are no unfulfilled conditions or contingencies related to these grants.

***** These amounts are included in "Other income and gains, net" on the face of the consolidated statement of profit or loss.

The cost of inventories sold and services provided includes depreciation and staff costs, net of HK$639,299,000 (2023: HK$650,301,000), which are also included in the respective total amounts disclosed separately above.

The research and development costs include depreciation and staff costs of HK$27,399,000 for the year ended 31 December 2024 (2023: HK$57,338,000), which are also included in the respective total amounts disclosed separately above.

8. DIRECTORS' REMUNERATION

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

	2024 HK$'000	2023 HK$'000
Fees	**720**	720
Other emoluments:		
Salaries, allowances and benefits in kind	**12,935**	12,867
Pension scheme contributions	**72**	72
Subtotal	**13,007**	12,939
Total	**13,727**	13,659

8. DIRECTORS' REMUNERATION (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2024				
Executive directors:				
Tai Chin Chun	–	4,109	18	4,127
Tai Chin Wen	–	3,326	–	3,326
Cheung So Wan	–	2,000	18	2,018
Wong Siu Yuk	–	2,000	18	2,018
Lei Heong Man*	–	1,500	18	1,518
Independent non-executive directors:				
Ting Kay Loong	240	–	–	240
Ho Gilbert Chi Hang	240	–	–	240
Wu Tak Lung	240	–	–	240
Total	720	12,935	72	13,727
2023				
Executive directors:				
Tai Chin Chun	–	4,112	18	4,130
Tai Chin Wen	–	3,335	–	3,335
Cheung So Wan	–	1,920	18	1,938
Wong Siu Yuk	–	2,000	18	2,018
Lei Heong Man	–	1,500	18	1,518
Independent non-executive directors:				
Ting Kay Loong	240	–	–	240
Ho Gilbert Chi Hang	240	–	–	240
Wu Tak Lung	240	–	–	240
Total	720	12,867	72	13,659

* With effect from 1 January 2025, Mr. Lei Heong Man has been redesignated from an executive director to a non-executive director of the Company.

Due to the subsequent adverse effects after COVID-19, the executive directors had voluntarily agreed to effect a temporary reduction of their basic remuneration until the business of the Group recovered. During the year ended 31 December 2024, four (2023: all) of the executive directors had agreed to a temporary reduction of their basic remuneration of approximately 25% (2023: 25%) for the year.

During the year, no emolument (2023: Nil) was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five (2023: five) directors, details of whose remuneration are set out in note 8 above.

10. INCOME TAX

	2024 HK$'000	2023 HK$'000
Current tax – Hong Kong		
Charge for the year	823	367
Current tax – Elsewhere		
Charge for the year	7,382	973
Underprovision in prior years	3,192	17,359
Deferred tax charge/(credit) (note 28)	1,577	(8,918)
Total tax charge for the year	12,974	9,781

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at the rate of 16.5% (2023: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC effective on 1 January 2008, the corporate income tax rate is 25% for all enterprises in Mainland China.

During the years ended 31 December 2024 and 31 December 2023, certain subsidiaries of the Group were entitled to a preferential tax rate of 15% under the status of High New Technology Enterprises.

For Macau, the first Macau Pataca 600,000 (equivalent to approximately HK$583,000) of assessable profits of the Macau subsidiary are exempted from Macao complementary tax and the remaining assessable profits are subject to the statutory rate of 12% (2023: 12%).

10. INCOME TAX (continued)

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

2024

	Hong Kong HK$'000	Macau HK$'000	The PRC, excluding Hong Kong and Macau HK$'000	Others HK$'000	Total HK$'000
Profit/(loss) before tax	34,982	(3,787)	5,864	4,410	41,469
Tax at the statutory tax rate	5,772	(455)	1,466	868	7,651
Lower tax rate enacted by local authority	(165)	–	(66)	–	(231)
Profit attributable to associates	–	–	(133)	–	(133)
Adjustments in respect of current tax of prior years	–	–	3,652	(460)	3,192
Income not subject to tax	(5,003)	–	(1,639)	(1,353)	(7,995)
Expenses not deductible for tax	2,547	–	1,459	640	4,646
Tax losses not recognised	–	454	2,863	16	3,333
Tax losses utilised	(2,130)	–	–	–	(2,130)
Capital gain tax on disposal of a subsidiary	–	–	–	7,291	7,291
Others	2,058	1	(4,578)	(131)	(2,650)
Tax charge at the Group's effective rate	3,079	–	3,024	6,871	12,974

10. INCOME TAX (continued)

2023

	Hong Kong HK$'000	Macau HK$'000	The PRC, excluding Hong Kong and Macau HK$'000	Others HK$'000	Total HK$'000
Loss before tax	(34,439)	(5,185)	(72,928)	(12,438)	(124,990)
Tax at the statutory tax rate	(5,683)	(622)	(18,232)	(2,478)	(27,015)
Lower tax rate enacted by local authority	–	–	3,814	–	3,814
Loss attributable to an associate	–	–	79	–	79
Adjustments in respect of current tax of prior years	–	–	17,359	–	17,359
Income not subject to tax	(6,028)	–	(8,261)	(11)	(14,300)
Expenses not deductible for tax	2,972	–	5,486	1,414	9,872
Tax losses not recognised	2	621	28,005	1,064	29,692
Tax losses utilised	–	–	–	(21)	(21)
Others	556	1	(10,288)	32	(9,699)
Tax charge/(credit) at the Group's effective rate	(8,181)	–	17,962	–	9,781

11. DIVIDEND

	2024 HK$'000	2023 HK$'000
Proposed final – HK0.7 cent (2023: Nil) per ordinary share	**6,089**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the year ended 31 December 2024 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$28,155,000 and 869,919,000 ordinary shares outstanding during the year.

The calculation of the basic loss per share amount for the year ended 31 December 2023 is based on the loss for the year attributable to ordinary equity holders of the Company of HK$132,908,000 and 869,919,000 ordinary shares outstanding during the year.

The Company had no potentially dilutive ordinary shares during the years ended 31 December 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2024						
Cost:						
At 1 January 2024	595,669	3,454,608	97,620	39,062	29,585	4,216,544
Additions	11,779	29,640	1,627	1,800	41,885	86,731
Acquisition of a subsidiary	–	4,714	192	–	–	4,906
Disposals/write-off	–	(1,023,110)	(17,153)	(2,846)	–	(1,043,109)
Disposal of a subsidiary	–	–	(13)	–	(7,514)	(7,527)
Transfer to investment property	(13,587)	–	–	–	–	(13,587)
Transfers	4,083	43,509	2,567	181	(50,340)	–
At 31 December 2024	597,944	2,509,361	84,840	38,197	13,616	3,243,958
Accumulated depreciation:						
At 1 January 2024	360,570	2,730,973	87,935	36,146	–	3,215,624
Charge for the year	24,681	172,870	4,780	718	–	203,049
Disposals/write-off	–	(1,019,061)	(17,153)	(2,828)	–	(1,039,042)
Disposal of a subsidiary	–	–	(9)	–	–	(9)
Transfer to investment property	(11,379)	–	–	–	–	(11,379)
At 31 December 2024	373,872	1,884,782	75,553	34,036	–	2,368,243
Net book value:						
At 31 December 2024	224,072	624,579	9,287	4,161	13,616	875,715

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2023						
Cost:						
At 1 January 2023	567,396	3,786,766	96,885	38,764	7,209	4,497,020
Additions	51,198	34,046	3,532	1,979	79,653	170,408
Disposals/write-off	–	(259,047)	(11)	(872)	–	(259,930)
Transfers	–	55,881	649	202	(56,732)	–
Exchange realignment	(22,925)	(163,038)	(3,435)	(1,011)	(545)	(190,954)
At 31 December 2023	595,669	3,454,608	97,620	39,062	29,585	4,216,544
Accumulated depreciation:						
At 1 January 2023	351,723	2,888,741	85,010	36,417	–	3,361,891
Charge for the year	22,308	216,011	6,036	1,521	–	245,876
Disposals/write-off	–	(244,345)	(11)	(824)	–	(245,180)
Exchange realignment	(13,461)	(129,434)	(3,100)	(968)	–	(146,963)
At 31 December 2023	360,570	2,730,973	87,935	36,146	–	3,215,624
Net book value:						
At 31 December 2023	235,099	723,635	9,685	2,916	29,585	1,000,920

As at 31 December 2024, the Group was in the process of applying for the building ownership certificates in respect of certain self-used properties with net book values of approximately HK$1.0 million (2023: HK$2.3 million) and approximately HK$20 million (2023: HK$27 million) situated in Nansha and Enping, the PRC, respectively. The Company's directors confirmed that, based on the advice from the Company's legal counsel, as the Group has properly obtained the land use right certificates in respect of the land on which the aforementioned self-used properties are erected, they are therefore in the opinion that there is no legal barrier or otherwise for the Group to obtain the building ownership certificates from the relevant Mainland China authority.

Certain of the Group's properties are leased to third parties under operating lease arrangements, further summary details of which are included in note 15 to the financial statements.

14. INVESTMENT PROPERTY

	2024 HK$'000	2023 HK$'000
Carrying amount at 1 January	–	–
Transfer from property, plant and equipment*	10,435	–
Transfer from right-of-use assets*	46,013	–
Net loss from a fair value adjustment	(2,221)	–
Carrying amount at 31 December	54,227	–

* During the year ended 31 December 2024, buildings and land with net carrying values of HK$2,208,000 and HK$4,822,000 were transferred from property, plant and equipment and right-of-use assets, respectively, to investment property. The difference between the fair value of the land and buildings and the carrying value of these assets at the date of transfer of HK$49,418,000, and deferred tax of HK$7,413,000 thereon were recognised in the other comprehensive income.

The Group's investment property consists of an industrial property in Mainland China. The directors of the Company have determined that the class of the asset as industrial, based on the nature, characteristics and risks of the property. The Group's investment property was revalued, on the date of transfer to investment property from property, plant and equipment and right-of-use assets and 31 December 2024, based on valuations performed by Ascent Partners Valuation Service Limited, independent professionally qualified valuers. Each year, the Group's chief financial officer decides to appoint which external valuer to be responsible for the external valuations of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's chief financial officer has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment property is leased to a third party under an operating lease, further summary details of which are included in note 15 to the financial statements.

Further particulars of the Group's investment property are included on page 129.

14. INVESTMENT PROPERTY (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Industrial property	–	–	54,227	54,227
Total	–	–	54,227	54,227

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Industrial property HK$'000
Carrying amount at 1 January 2024	–
Transfer from property, plant and equipment	2,208
Transfer from right-of-use assets	4,822
Gain on property revaluation recognised in other comprehensive income upon transfer from property, plant and equipment and right-of-use assets	49,418
Net loss from a fair value adjustment recognised in other operating expenses, net, in profit or loss	(2,221)
Carrying amount at 31 December 2024	54,227

14. INVESTMENT PROPERTY (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

Industrial property	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs
	Direct comparison approach	Market sales price, taking into account the differences in location and size between the comparables (per sq. m.)	HK$1,883-HK$2,153
	Depreciated replacement cost approach	Estimated cost of construction (per sq. m.)	HK$2,353-HK$3,140

The fair value of the Group's industrial property is determined using the direct comparison approach and depreciated replacement cost approach. Direct comparison approach is by reference to recent sales price of comparable properties, taking into account the difference of location and size between the comparables. The higher the sales value of comparables, the higher the fair value. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The higher the estimated cost of construction, the higher the fair value.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings, plant and machinery, and a motor vehicle used in its operation. Lump sum payments were made upfront to acquire certain leasehold land from the owners with lease periods of 33 to 50 years, and ongoing payments will be made to the owners for certain land leases with lease periods of 3 to 50 years. Leases of buildings generally have lease terms between 2 and 5 years, while leases of plant and machinery, and a motor vehicle generally have lease terms of 2 years and 5 years, respectively. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land HK$'000	**Buildings HK$'000**	**Plant and machinery HK$'000**	**Motor vehicle HK$'000**	**Total HK$'000**
As at 1 January 2023	222,318	1,161	27	246	223,752
Additions	276	8,397	–	–	8,673
Depreciation charge	(11,320)	(2,293)	(15)	(131)	(13,759)
Early termination of lease arrangements	(18,766)	–	–	–	(18,766)
Exchange realignment	(4,547)	(9)	–	(3)	(4,559)
As at 31 December 2023 and 1 January 2024	187,961	7,256	12	112	195,341
Additions	17,966	1,634	–	–	19,600
Depreciation charge	(10,846)	(1,933)	(10)	(81)	(12,870)
Disposal of a subsidiary	(34,972)	–	–	–	(34,972)
Transfer to investment property	(4,822)	–	–	–	(4,822)
As at 31 December 2024	155,287	6,957	2	31	162,277

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2024 HK$'000	2023 HK$'000
Carrying amount at 1 January	**19,630**	39,576
New leases	**19,600**	8,673
Accretion of interest recognised during the year	**857**	925
Payments	**(7,016)**	(7,034)
Early termination of lease arrangements	**–**	(21,470)
Exchange realignment	**–**	(1,040)
Carrying amount at 31 December	**33,071**	19,630
Analysed into:		
Current portion	**5,514**	5,283
Non-current portion	**27,557**	14,347
Analysed into:		
Within one year or on demand	**5,514**	5,283
In the second year	**4,184**	4,432
In the third to fifth years, inclusive	**8,976**	7,467
Beyond five years	**14,397**	2,448
	33,071	19,630

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

15. LEASES (continued)

The Group as a lessee (continued)

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

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	857	925
Depreciation charge of right-of-use assets	12,870	13,759
Gain on early termination of lease arrangements	–	(2,704)
Expenses relating to short-term leases		
– included in cost of sales	1,224	955
– included in administrative expenses	858	1,023
Subtotal	2,082	1,978
Total amount recognised in profit or loss	15,809	13,958

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 27(c) and 34, respectively, to the financial statements.

The Group as a lessor

The Group leases certain of its properties (notes 13 and 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$2,123,000 (2023: HK$596,000) (note 5).

As at 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	3,879	584
After one year but within two years	1,842	183
After two years but within three years	1,423	77
After three years but within four years	1,448	66
After four years but within five years	1,448	13
After five years	7,028	96
Total	17,068	1,019

16. GOODWILL

	HK$'000
Cost at 1 January 2024	–
Acquisition of a subsidiary	405
Cost and net carrying amount at 31 December 2024	405
At 31 December 2024:	
Cost	405
Accumulated impairment	–
Net carrying amount	405

Impairment test of goodwill

Goodwill of HK$405,000 (2023: Nil), arising from an acquisition as stated in note 32 during the year ended 31 December 2024, was allocated to a cash-generating unit which is engaged in the production and sale of knitted fabric, sale of dyed yarns and provision of related subcontracting services (the "Fabric CGU").

The recoverable amount of the Fabric CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The financial budgets are prepared reflecting actual performance and development expectations. The key assumptions for the cash flow projections are the budgeted revenue which is referenced to historical revenue achieved in the past years immediately before budgeted years, and adjusted for expected market condition and the discount rate of 11.2%, which is before tax and reflects specific risks relating to the Fabric CGU. The cash flows beyond the five-year period are extrapolated using a growth rate of 2%. The directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Fabric CGU to exceed the aggregate recoverable amount. Since the recoverable amount of the Fabric CGU is higher than its carrying amount, the directors consider there was no impairment of the goodwill at the end of the reporting period.

17. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	5,277	1,480

The amount due to an associate included in the Group's current liabilities is unsecured, interest-free and repayable on demand.

The Group's accounts receivable and accounts payable with associates as at 31 December 2024 and 2023 are disclosed in notes 21 and 24, respectively, to the financial statements.

17. INTERESTS IN ASSOCIATES (continued)

Particulars of the associates are as follows:

Name	Particulars of issued shares held/ paid-up registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group 2024	2023	Principal activities
Kam Hing International Limited ("Kam Hing International")	Ordinary shares of United States dollar ("US$") 1 each	BVI	25	25	Investment holding
建新(中山)服飾有限公司 ("Jianxin (Zhongshan)")	Renminbi ("RMB") 10,000,000	PRC/ Mainland China	45	45	Manufacture of garment products
建興(瑞麗)服飾有限公司 ("Jian Xing (Ruili)")	RMB10,000,000	PRC/ Mainland China	40	–	Manufacture of garment products

As at 31 December 2024, the Group's shareholdings in Kam Hing International, Jianxin (Zhongshan) and Jian Xing (Ruili) were held through wholly-owned subsidiaries of the Company.

The Group has discontinued the recognition of its share of losses of Kam Hing International because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associates for the current year and cumulatively were Nil (2023: Nil) and HK$536,000 (2023: HK$536,000), respectively.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 HK$'000	2023 HK$'000
Share of the associates' profits/(losses) for the year	532	(314)
Share of the associates' other comprehensive expenses	–	(41)
Share of the associates' total comprehensive income/(expenses)	532	(355)
Carrying amount of the Group's interests in the associates	5,277	1,480

18. DEPOSITS PAID

	2024 HK$'000	2023 HK$'000
Deposits paid for:		
Acquisition of		
Property, plant and equipment	**1,874**	–
Others	**3,028**	2,376
Total	**4,902**	2,376

19. PROPERTIES UNDER DEVELOPMENT

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**53,674**	56,114
Exchange realignment	**–**	(2,440)
At the end of the reporting period	**53,674**	53,674

20. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**380,900**	466,663
Work in progress	**268,961**	247,200
Finished goods	**176,822**	174,573
Total	**826,683**	888,436

21. ACCOUNTS AND BILLS RECEIVABLES

	2024 HK$'000	2023 HK$'000
Accounts receivable	**344,948**	326,263
Impairment	**(6,265)**	(14,468)
Net carrying amount	**338,683**	311,795
Bills receivable	**179,772**	181,275
Total	**518,455**	493,070

As at 31 December 2024, gross accounts receivable of certain customers of HK$27,891,000 (2023: HK$14,040,000), which are designated in an accounts receivable factoring arrangement entered into between the Group and a bank in Hong Kong, were measured at fair value through other comprehensive income as these accounts receivable are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's trading terms with its customers are generally on credit with terms of up to three months and are non-interest-bearing (except for certain well-established customers with strong financial strength, good repayment history and creditworthiness, where the credit terms are extended to six months). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group dœs not hold any collateral or other credit enhancements over its accounts and bills receivables balances.

As at 31 December 2024, included in the Group's accounts receivable was the amounts due from the associates of the Group of HK$31,847,000 (2023: amount due from an associate of the Group of HK$9,843,000), which was repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the Group's accounts and bills receivables as at the end of the reporting period, based on the invoice date and issuance date, respectively, and net of loss allowance, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**361,744**	302,287
1 to 2 months	**94,236**	117,450
2 to 3 months	**37,422**	39,159
Over 3 months	**25,053**	34,174
Total	**518,455**	493,070

21. ACCOUNTS AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of accounts and bills receivables are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	14,468	16,675
Write-back of impairment losses, net (note 7)	(8,197)	(702)
Write-off as uncollectible	(6)	(1,011)
Exchange realignment	–	(494)
At 31 December	6,265	14,468

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 31 December 2024

		Past due			
	Current	Less than 1 month	1 to 6 months	Over 6 months	Total
Gross carrying amount of specific accounts receivable (HK$'000)	–	–	–	5,363	5,363
Expected credit loss rate	0.0%	0.0%	0.0%	100%	100%
Expected credit losses of specific accounts receivable (HK$'000)	–	–	–	5,363	5,363
Gross carrying amount excluding specific accounts receivable (HK$'000)	283,700	41,911	13,796	178	339,585
Expected credit loss rate	0.0%	0.0%	5.2%	100%	0.3%
Expected credit losses of amount excluding specific accounts receivable (HK$'000)	–	–	724	178	902
Total expected credit losses	–	–	724	5,541	6,265

21. ACCOUNTS AND BILLS RECEIVABLES (continued)

As at 31 December 2023

		Past due			
	Current	Less than 1 month	1 to 6 months	Over 6 months	Total
Gross carrying amount of specific accounts receivable (HK$'000)	2,906	1,009	4,437	5,214	13,566
Expected credit loss rate	100%	100%	100%	100%	100%
Expected credit losses of specific accounts receivable (HK$'000)	2,906	1,009	4,437	5,214	13,566
Gross carrying amount excluding specific accounts receivable (HK$'000)	289,357	22,060	1,243	37	312,697
Expected credit loss rate	0.0%	2.1%	32.8%	100%	0.3%
Expected credit losses of amount excluding specific accounts receivable (HK$'000)	–	457	408	37	902
Total expected credit losses	2,906	1,466	4,845	5,251	14,468

22. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Listed equity investment, at fair value	**209**	224

The above equity investment was classified as a financial asset at fair value through profit or loss as it was held for trading.

23. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED BANK BALANCES

	Note	2024 HK$'000	2023 HK$'000
Cash and bank balances		**612,814**	849,825
Time deposits		**60,000**	66,263
Pledged deposits		**35,971**	45,539
Restricted bank balances		**1,314**	–
Subtotal		**710,099**	961,627
Less: Pledged deposits for bills payable	24	**(35,971)**	(45,539)
Restricted bank balances		**(1,314)**	–
Cash and cash equivalents		**672,814**	916,088

23. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED BANK BALANCES (continued)

As at 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$95,685,000 (2023: HK$97,975,000). RMB is not freely convertible into other currencies. However, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between two weeks and three weeks (2023: eight days and one month) and earn interest at the respective short-term time deposit rates. Pledged bank deposits earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. ACCOUNTS AND BILLS PAYABLES

An ageing analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date and issuance date, respectively, is as follows:

	2024 **HK$'000**	2023 HK$'000
Within 3 months	**513,855**	609,428
3 to 6 months	**88,900**	66,393
Over 6 months	**5,139**	3,008
Total	**607,894**	678,829

The accounts and bills payables are non-interest-bearing and are normally settled on credit terms of one to five months.

As at 31 December 2024, bills payable of HK$110,523,000 (2023: HK$151,135,000) were included in the above accounts and were secured by the Group's pledged bank deposits of HK$35,971,000 (2023: HK$45,539,000) (note 23).

As at 31 December 2024, included in the Group's accounts payable was the amounts due to associates of the Group of HK$11,949,000 (2023: an amount due to an associate of the Group of HK$153,000), which is repayable within two months, which represents credit terms similar to those offered by the associates to its major customers.

25. ACCRUED LIABILITIES AND OTHER PAYABLES

Included in accrued liabilities and other payables were contract liabilities of HK$8,117,000 as at 31 December 2024, HK$4,853,000 as at 31 December 2023 and HK$21,133,000 as at 1 January 2023, respectively.

Contract liabilities include short-term deposits received to deliver knitted fabric and garment products (2023: knitted fabric, dyed yarns and garment products) and to provide related subcontracting services. The increase in contract liabilities in 2024 was mainly due to the increase (2023: decrease) in deposits received from customers in relation to the sale of knitted fabric (2023: garment products).

26. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	Hong Kong Interbank Offered Rate ("HIBOR")/ Secured Overnight Financing Rate ("SOFR")/ Current Lending Rate ("CLR")/ Loan Prime Rate ("LPR)/Cost of fund – 0.9 or +0.85 to 2.00 or 7.5	2025	697,123	HIBOR/ SOFR/ LPR/ Cost of fund -0.5 to 0.9 or +0.25 to 2.00	2024	883,770
Non-current Bank loans – unsecured	HIBOR +1.95 to 2.00 or Base Interest Rate + 3.8 to 4.1	2026	189,812	HIBOR +1.75 to 2.00	2025-2026	377,766
			886,935			1,261,536

	2024 HK$'000	2023 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	697,123	883,770
In the second year	189,812	188,440
In the third to fifth years, inclusive	–	189,326
Total	886,935	1,261,536

As at 31 December 2024 and 2023, save as disclosed elsewhere in these financial statements, the banking facilities of the Group were also supported by corporate guarantees executed by the Company and certain subsidiaries of the Company.

The non-current portion of interest-bearing bank borrowings of HK$189,812,000 is subject to financial covenants of tangible net worth, net borrowings to earnings before interest, taxes, depreciation and amortisation ratio, net gearing ratio, current ratio, dividend payout ratio, interest coverage ratio and debt to assets ratio. The covenants are tested half-yearly, at 30 June and 31 December. The Group considered there is no indication that it will have difficulties in complying with these covenants in the coming 12 months.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2023, non-current deposits paid of HK$7,465,000 were transferred to property, plant and equipment.

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$19,600,000 (2023: HK$8,673,000) and HK$19,600,000 (2023: HK$8,673,000), respectively.

(b) Changes in liabilities arising from financing activities

	Bank loans HK$'000	Lease liabilities HK$'000
At 1 January 2023	1,462,266	39,576
Changes from financing cash flows	(214,591)	(6,109)
New leases	–	8,673
Early termination of lease arrangements	–	(21,470)
Interest expense	103,809	925
Interest paid classified as operating cash flows	(89,948)	(925)
Exchange realignment	–	(1,040)
At 31 December 2023 and 1 January 2024	**1,261,536**	**19,630**
Changes from financing cash flows	**(377,914)**	**(6,159)**
New leases	**–**	**19,600**
Acquisition of a subsidiary (note 32)	**1,405**	**–**
Interest expense	**56,693**	**857**
Interest paid classified as operating cash flows	**(54,785)**	**(857)**
At 31 December 2024	**886,935**	**33,071**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 **HK$'000**	2023 HK$'000
Within operating activities	**2,939**	2,903
Within financing activities	**6,159**	6,109
Total	**9,098**	9,012

28. DEFERRED TAX

The movements in deferred tax assets and liabilities of the Group during the year were as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits		Depreciation expense in excess of related depreciation allowance and other deductible temporary differences		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 January	**12,841**	4,494	**26,637**	27,394	**39,478**	31,888
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	**(2,130)**	8,347	**(124)**	203	**(2,254)**	8,550
Exchange realignment	**–**	–	**–**	(960)	**–**	(960)
At 31 December	**10,711**	12,841	**26,513**	26,637	**37,224**	39,478

Deferred tax liabilities

	Revaluation of properties		Fair value adjustments arising from acquisition of a subsidiary		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 January	**–**	–	**4,056**	4,617	**4,056**	4,617
Deferred tax credited to the statement of profit or loss during the year (note 10)	**(333)**	–	**(344)**	(368)	**(677)**	(368)
Deferred tax recognised in other comprehensive income during the year	**7,413**	–	**–**	–	**7,413**	–
Exchange realignment	**–**	–	**–**	(193)	**–**	(193)
At 31 December	**7,080**	–	**3,712**	4,056	**10,792**	4,056

28. DEFERRED TAX (continued)

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group. At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$118 million at 31 December 2024 (2023: HK$117 million).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

The Group has aggregate estimated tax losses arising in Hong Kong, Mainland China, Macau, Singapore and Cambodia of HK$489,264,000 (2023: HK$532,272,000) that are available for offsetting against future taxable profits of the Company and the respective subsidiaries in which the losses arose. Apart from the tax losses for which deferred tax assets of HK$10,711,000 (2023: HK$12,841,000) had been recognised at the end of the reporting period, no other deferred tax assets have been recognised in respect of these losses as the directors consider it is not probable that future taxable profit will be available against which these tax losses can be utilised. Included in unrecognised tax losses are estimated tax losses of HK$11,746,000 (2023: HK$7,973,000), HK$135,253,000 (2023: HK$56,202,000) and HK$262,522,000 (2023: HK$373,738,000) that will expire within three years, five years and ten years, respectively, from the date the losses arose. Other losses can be carried forward indefinitely.

29. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Authorised:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
869,919,000 (2023: 869,919,000) ordinary shares of HK$0.1 each	**86,992**	86,992

Share options

Details of the Company's share option scheme are included in note 30 to the financial statements.

30. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any consultant, advisor, manager or officer who provides research, development, other technological support or services to the Group, the Company's shareholders, and any non-controlling shareholder of the Company's subsidiaries. The Scheme became effective on 9 June 2014 and unless otherwise cancelled or amended, will remain in force for 10 years commencing from 9 June 2014.

The maximum number of shares which may be allotted and issued upon the exercise of the share options to be granted under the Scheme is 86,991,900 shares, representing 10% of the share capital of the Company as at the date of adoption of the scheme mandate limit and as at the date hereof. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the nominal value of the Company's shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

There are no cash settlement alternatives. The Group dœs not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the year, no share options were granted, exercised, lapsed, forfeited or cancelled by the Company under the Scheme and there were no share options outstanding as at 31 December 2024. The Scheme has expired on 8 June 2024.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

The capital reserve of the Group represents (i) the premium of HK$93,378,000 arising from the issue of shares by Joint Result Holdings Limited ("Joint Result") for settlement of the amounts due to directors on 31 December 2003; and (ii) the excess of the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation which took place on 24 August 2004, whereby the Company became the holding company of the companies now comprising the Group (the "Group Reorganisation"), over the nominal value of the 1,000,000 shares of HK$0.1 each of the Company issued in exchange therefor and the then existing 1,000,000 shares of HK$0.1 each credited as fully paid at par.

The asset revaluation reserve arose from a change in use of a property from an owner-occupied property to an investment property carried at fair value.

In accordance with the relevant PRC regulations, the subsidiaries which are established in the PRC are required to transfer 10% of their profits after tax, as determined under the PRC accounting regulations, to the statutory surplus reserve, until the balance of the reserve reaches 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory surplus reserve may be used to offset against accumulated losses of the respective subsidiaries.

32. BUSINESS COMBINATION

On 3 December 2024, the Group acquired 60% interests in APH Investment and Development Company Limited ("APH"), a company incorporated in Vietnam, for an aggregate consideration of VND6,000,000,000 (equivalent to approximately HK$1,838,000). APH is engaged in provision of subcontracting services for knitted fabric. The acquisition was to further expand the Group's production capacity outside of Mainland China.

The Group has elected to measure the non-controlling interest in APH at the non-controlling interest's proportionate share of APH's identifiable net assets.

As at the date of approval for issuance of these consolidated financial statements, the fair value assessments of identifiable assets and liabilities arising from acquisition of APH have not been finalised and thus, the assets and liabilities recognised at the date of acquisition (see below) have been determined provisionally. Upon finalisation of the valuation, any goodwill arising on acquisition may change accordingly. The directors of the Company expect that the valuation will be finalised within one year from completion date of acquisition.

32. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of APH as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	13	4,906
Inventories		1,347
Trade receivables		1,842
Other receivables		624
Cash and bank balances		166
Accruals and other payables		(5,092)
Interest-bearing bank borrowings		(1,405)
Total identifiable net assets at fair value		2,388
Non-controlling interests		(955)
Net assets attributable to equity owners of APH		1,433
Goodwill on acquisition	16	405
Satisfied by cash		1,838

Both the fair values and gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to HK$1,842,000 and HK$624,000, respectively.

The Group incurred transaction costs of HK$30,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash and bank balances acquired	166
Net inflow of cash and cash equivalents included in cash flows from investing activities	166
Transaction costs of the acquisition included in cash flows from operating activities	(30)
Total net cash inflow	136

The consideration payable is included in "Accrued liabilities and other payables" in the consolidated statement of financial position as at 31 December 2024. Since the acquisition, APH contributed HK$833,000 to the Group's revenue and HK$34,000 to the consolidated profit for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been HK$3,833,735,000 and HK$29,501,000, respectively.

33. DISPOSAL OF A SUBSIDIARY

In November 2024, the Group disposed of its entire interest in Great Market Global Viet Nam Co., Ltd., an indirectly held wholly-owned subsidiary incorporated in Vietnam, to an independent third party for a cash consideration of HK$80,153,000.

	Notes	HK$'000
Net assets disposed of:		
Property, plant and equipment	13	7,518
Right-of-use assets	15(a)	34,972
Prepayments and other receivables		6,049
Accruals and other payables		(135)
Subtotal		48,404
Related sales expense		2,796
Share of capital gain tax by the acquirer		(3,645)
Gain on disposal of a subsidiary	7	32,598
Total consideration		80,153
Satisfied by:		
Cash		80,153

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	HK$'000
Cash consideration	80,153
Less: Related sales expense	(2,796)
Less: Consideration receivable recorded in prepayments, deposits and other receivables as at 31 December 2024	(24,046)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	53,311

34. COMMITMENTS

(a) The Group had the following contractual commitments as at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Purchases of machinery	**4,173**	6,934
Construction in progress	**8,854**	14,501
Construction of new manufacturing facilities	**176,207**	176,207
Construction of properties under development	**8,159**	8,159
Total contractual commitments	**197,393**	205,801

At 31 December 2024, the Group had outstanding irrevocable letters of credit amounting to HK$138,739,000 (2023: HK$214,268,000).

(b) The Group has a lease contract that has not yet commenced as at 31 December 2024 and 2023. The future lease payment for the non-cancellable lease contract was HK$31,064,000 (2023: HK$522,000).

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2024 HK$'000	2023 HK$'000
Rental expenses on warehouse paid to Tai Chin Chun and Tai Chin Wen	(i)	**540**	540
Rental expenses on car park spaces paid to Cheung So Wan and Wong Siu Yuk	(ii)	**336**	336
Rental expenses on staff quarters paid to Cheung So Wan and Wong Siu Yuk	(iii)	**286**	293
Rental expenses on staff quarters paid to Tai Tang Tat	(iv)	**111**	113
Associates:			
Sales of products to associates	(v)	**21,571**	11,005
Subcontracting fee charged from associates	(vi)	**51,902**	54,930

35. RELATED PARTY TRANSACTIONS (continued)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

Notes:

(i) The Group entered into tenancy agreements with Mr. Tai Chin Chun and Mr. Tai Chin Wen, directors of the Company, for the rental of warehouse at a monthly rental of HK$45,000 from 1 September 2022 to 31 August 2023 and renewed the tenancy agreements at a monthly rental of HK$45,000 from 1 September 2023 to 31 August 2024 and 1 September 2024 to 31 August 2025 based on the terms mutually agreed by both parties.

(ii) The Group entered into tenancy agreements with Ms. Cheung So Wan and Ms. Wong Siu Yuk, directors of the Company, for the rental of car park spaces at monthly rentals of HK$20,000 from 1 June 2022 to 31 May 2023 and from 1 June 2023 to 31 May 2024 and from 1 June 2024 to 31 May 2025, and HK$8,000 from 1 July 2022 to 30 June 2023 and from 1 July 2023 to 30 June 2024 and from 1 July 2024 to 30 June 2025, based on the terms mutually agreed by the parties.

(iii) The Group entered into tenancy agreements with Ms. Cheung So Wan and Ms. Wong Siu Yuk, directors of the Company, for the rental of staff quarters at monthly rentals of approximately HK$25,600 from 1 June 2022 to 31 May 2023 and at monthly rentals of RMB22,000 (equivalent to HK$23,640) from 1 June 2023 to 31 May 2024 and extended the rental of staff quarters at monthly rentals of RMB22,000 (equivalent to HK$23,913) from 1 June 2024 to 31 May 2025 based on the terms mutually agreed by the parties.

(iv) The Group entered into tenancy agreements with Mr. Tai Tang Tat, a son of Mr. Tai Chin Wen and Ms. Wong Siu Yuk, for the rental of staff quarters at monthly rentals of RMB8,500 (equivalent to HK$9,900) from 1 June 2022 to 31 May 2023 and at monthly rentals of RMB8,500 (equivalent to HK$9,100) from 1 June 2023 to 31 May 2024 and extended the rental of staff quarters at monthly rentals of RMB8,500 (equivalent to HK$9,239) from 1 June 2024 to 31 May 2025 based on the terms mutually agreed by both parties.

(v) The sales to the associates were made according to the published prices and conditions offered to the major customers of the Group.

(vi) The subcontracting fee charged from the associates were made according to the published prices and conditions offered by the associates to its major customers.

(b) The Group is still in the process of applying for the land use planning for construction work permit, construction project and planning permit, and commencement of construction work permit in respect of a six-storey factory building, with a net book value of Nil (2023: approximately HK$0.3 million) as at 31 December 2024.

Each of Mr. Tai Chin Chun and Mr. Tai Chin Wen, directors of the Company, together with their respective spouses, who are deemed as the shareholders of the Company under the Securities and Futures Ordinance, have given joint and several indemnities in favour of the Group in respect of the aforementioned building.

(c) Outstanding balance with related parties:

As at 31 December 2024 and 2023, details of the Group's trade balances with its associates as at the end of the reporting period are disclosed in notes 21 and 24 to the financial statements.

35. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group:

	2024 HK$'000	2023 HK$'000
Short-term employee benefits	23,998	22,840
Post-employment benefits	367	404
	24,365	23,244

Further details of directors' emoluments are included in note 8 to the financial statements.

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

Financial assets

	Financial asset at fair value through other comprehensive income HK$'000	Financial asset at fair value through profit or loss - held for trading HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Accounts and bills receivables	27,891	–	490,564	518,455
Financial assets included in prepayments, deposits and other receivables	–	–	94,780	94,780
Financial asset at fair value through profit or loss	–	209	–	209
Pledged deposits and restricted bank balances	–	–	37,285	37,285
Cash and cash equivalents	–	–	672,814	672,814
Total	27,891	209	1,295,443	1,323,543

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2024 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Accounts and bills payables	607,894
Financial liabilities included in accrued liabilities and other payables	70,877
Due to an associate	947
Interest-bearing bank borrowings	886,935
Lease liabilities	33,071
Total	1,599,724

2023

Financial assets

	Financial asset at fair value through other comprehensive income HK$'000	Financial asset at fair value through profit or loss - held for trading HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Accounts and bills receivables	14,040	–	479,030	493,070
Financial assets included in prepayments, deposits and other receivables	–	–	64,196	64,196
Financial asset at fair value through profit or loss	–	224	–	224
Pledged deposits	–	–	45,539	45,539
Cash and cash equivalents	–	–	916,088	916,088
Total	14,040	224	1,504,853	1,519,117

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2023 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Accounts and bills payables	678,829
Financial liabilities included in accrued liabilities and other payables	65,509
Due to an associate	947
Interest-bearing bank borrowings	1,261,536
Lease liabilities	19,630
Total	2,026,451

37. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) Endorsement of bills receivable

At 31 December 2024, the Group endorsed certain bank bills receivable in the PRC (the "Endorsed Bills") with a carrying amount of RMB1,246,000 (equivalent to HK$1,355,000) (2023: RMB2,601,000 (equivalent to HK$2,827,000)) to certain suppliers in order to settle the accounts payable or other payables due to or make prepayments to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated accounts payable or other payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of accounts payable and other payables settled and prepayments to suppliers made by the Endorsed Bills during the year was RMB1,246,000 (equivalent to HK$1,355,000) (2023: RMB2,601,000 (equivalent to HK$2,827,000)) as at 31 December 2024.

37. TRANSFERS OF FINANCIAL ASSETS (continued)

Transferred financial assets that are not derecognised in their entirety (continued)

(b) Discounting of bills receivable

At 31 December 2023, the Group discounted certain bills receivable (the "Discounted Bills") with a carrying amount of HK$17,536,000 to a local bank in Hong Kong for cash. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Discounted Bills, and accordingly, it continued to recognise the full carrying amount of the Discounted Bills and the respective bank loans. Subsequent to the discounting, the Group dœs not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the bank loans recognised due to the Discounted Bills was HK$17,536,000 as at 31 December 2023.

Transferred financial assets that are derecognised in their entirety

(a) Endorsement of bills receivable

At 31 December 2024, the Group endorsed certain bank bills receivable in the PRC (the "Derecognised Bills") which were originally endorsed or issued by its customers, to certain of its suppliers for settling the accounts payable or other payables due to such suppliers in aggregate of RMB41,218,000 (equivalent to HK$44,803,000) (2023: RMB25,087,000 (equivalent to HK$27,268,000)). The Derecognised Bills have a remaining maturity from one to six months (2023: one to six months) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors of the Company, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards related to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated accounts payable or other payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2024 and 31 December 2023, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the years ended 31 December 2024 and 31 December 2023.

37. TRANSFERS OF FINANCIAL ASSETS (continued)

Transferred financial assets that are derecognised in their entirety (continued)

(b) Discounting of bills receivable

At 31 December 2024, the Group discounted certain bills receivable (the “Derecognised Discounted Bills”) with a carrying amount of RMB45,227,000 (equivalent to HK$49,160,000) (2023: RMB32,775,000 (equivalent to HK$35,625,000)) to certain banks in the PRC. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Discounted Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Discounted Bills, including the Group, in disregard of the order of precedence if the bills default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Discounted Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Discounted Bills and the undiscounted cash flows to repurchase these Derecognised Discounted Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Discounted Bills are not significant. All Derecognised Discounted Bills have a maturity period of approximately six months (2023: six months).

During the years ended 31 December 2024 and 31 December 2023, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discounting of bills has been made evenly throughout the years ended 31 December 2024 and 31 December 2023.

(c) Discounting of bills receivable without recourse

At 31 December 2024, the Group discounted certain bills receivable without recourse (the “Discounted Bills Without Recourse”) with a carrying amount of HK$6,765,000 (2023: Nil) to a local bank in Hong Kong for cash. In the opinion of the directors, the Group has transferred substantially all risks and rewards related to the Discounted Bills Without Recourse. The Group dœs not retain any rights on the use of the Discounted Bills Without Recourse, including the sale, transfer or pledge of the Discounted Bills Without Recourse to any other third parties. Accordingly, the Group had derecognised the Discounted Bills Without Recourse.

During the years ended 31 December 2024 and 31 December 2023, the Group has not recognised any gain or loss on the date of transfer of the Discounted Bills Without Recourse. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discounting of bills has been made evenly throughout the years ended 31 December 2024 and 31 December 2023.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits and restricted bank balances, accounts and bills receivables, accounts and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in accrued liabilities and other payables, and an amount due to an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of other receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of listed equity investment is based on quoted market price.

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

Assets measured at fair value:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial asset at fair value through profit or loss	**209**	**–**	**–**	**209**
Debt investments at fair value through other comprehensive income – Accounts receivables	**–**	**27,891**	**–**	**27,891**
Total	**209**	**27,891**	**–**	**28,100**

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial asset at fair value through profit or loss	224	–	–	224
Debt investments at fair value through other comprehensive income – Accounts receivables	–	14,040	–	14,040
Total	224	14,040	–	14,264

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value: (continued)

As at 31 December 2024, the Group had no financial instrument measured at fair value under Level 3 (2023: Nil).

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts and bills receivables, financial assets included in prepayments, deposits, and other receivables, accounts and bills payables, financial liabilities included in accrued liabilities and other payables, and an amount due to an associate, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The interest-bearing bank borrowings are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the statement of profit or loss as earned/incurred.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings).

	Increase in interest rate %	**Decrease in the Group's profit before tax HK$'000**
2024	**1**	**8,869**

	Increase in interest rate %	Increase in the Group's loss before tax HK$'000
2023	1	12,615

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Foreign currency risk is the risk of losses due to adverse movements in foreign exchange rates relating to investments denominated in foreign currencies. The Group has transactional currency exposures. Such exposures arise as a substantial portion of sales and purchase transactions is conducted by the Group's subsidiaries in US$ and RMB with the counterparties. As the Hong Kong dollar is virtually pegged to US$, the Group dœs not expect any significant movements in the US$/Hong Kong dollar exchange rate in the foreseeable future.

The Group's assets and liabilities are primarily denominated in Hong Kong dollars, US$ and RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax (arising from RMB denominated financial instruments).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in the Group's profit before tax HK$'000
2024		
If Hong Kong dollar weakens against RMB	3	(34,553)
If Hong Kong dollar strengthens against RMB	(3)	34,553

	Increase/ (decrease) in RMB rate %	Decrease/ (increase) in the Group's loss before tax HK$'000
2023		
If Hong Kong dollar weakens against RMB	3	(26,631)
If Hong Kong dollar strengthens against RMB	(3)	26,631

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

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

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income:					
– Accounts receivable*	–	–	–	27,891	27,891
Accounts receivable*	–	–	–	317,057	317,057
Bills receivable – Normal**	179,772	–	–	–	179,772
Financial assets included in prepayments, deposits and other receivables					
– Normal**	94,780	–	–	–	94,780
Pledged deposits and restricted bank balances					
– Not yet past due	37,285	–	–	–	37,285
Cash and cash equivalents					
– Not yet past due	672,814	–	–	–	672,814
Total	984,651	–	–	344,948	1,329,599

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income:					
– Accounts receivable*	–	–	–	14,040	14,040
Accounts receivable*	–	–	–	312,223	312,223
Bills receivable – Normal**	181,275	–	–	–	181,275
Financial assets included in prepayments, deposits and other receivables					
– Normal**	64,196	–	–	–	64,196
Pledged deposits					
– Not yet past due	45,539	–	–	–	45,539
Cash and cash equivalents					
– Not yet past due	916,088	–	–	–	916,088
Total	1,207,098	–	–	326,263	1,533,361

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

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

Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial instruments and financial assets (e.g. accounts and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bills payable and interest-bearing bank borrowings to meet its working capital and capital expenditure requirements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024			
	Less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts and bills payables	607,894	–	–	607,894
Financial liabilities included in accrued liabilities and other payables	70,877	–	–	70,877
Due to an associate	947	–	–	947
Interest-bearing bank borrowings	698,683	190,486	–	889,169
Lease liabilities	6,869	16,342	17,533	40,744
Total	1,385,270	206,828	17,533	1,609,631

	2023			
	Less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts and bills payables	678,829	–	–	678,829
Financial liabilities included in accrued liabilities and other payables	65,509	–	–	65,509
Due to an associate	947	–	–	947
Interest-bearing bank borrowings	885,678	380,000	–	1,265,678
Lease liabilities	5,369	11,850	2,498	19,717
Total	1,636,332	391,850	2,498	2,030,680

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt comprises all interest-bearing bank borrowings, an amount due to an associate, accounts and bills payables, accrued liabilities and other payables, and lease liabilities less cash and cash equivalents. The total equity comprises ordinary equity holders' equity as stated in the consolidated statement of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its business. The gearing ratios of the Group as at the end of the reporting periods were as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000
Interest-bearing bank borrowings (note 26)	**886,935**	1,261,536
Accounts and bills payables	**607,894**	678,829
Accrued liabilities and other payables	**167,780**	163,790
Due to an associate	**947**	947
Lease liabilities	**33,071**	19,630
Less: Cash and cash equivalents	**(672,814)**	(916,088)
Net debt	**1,023,813**	1,208,644
Equity attributable to ordinary equity holders of the Company and total capital	**1,720,688**	1,650,528
Capital and net debt	**2,744,501**	2,859,172
Gearing ratio	**37.3%**	42.3%

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Interest in a subsidiary	**402,207**	402,207
CURRENT ASSETS		
Prepayments	**313**	179
Due from a subsidiary	**729,068**	731,137
Cash and cash equivalents	**1,380**	928
Total current assets	**730,761**	732,244
CURRENT LIABILITIES		
Accrued liabilities and other payables	**57**	245
NET CURRENT ASSETS	**730,704**	731,999
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,132,911**	1,134,206
Net assets	**1,132,911**	1,134,206
EQUITY		
Issued capital	**86,992**	86,992
Reserves (Note)	**1,045,919**	1,047,214
Total equity	**1,132,911**	1,134,206

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2023	446,105	402,007	200,247	1,048,359
Loss and total comprehensive expenses for the year	–	–	(1,190)	(1,190)
Forfeiture of unclaimed dividend	–	–	45	45
At 31 December 2023 and 1 January 2024	446,105	402,007	199,102	1,047,214
Loss and total comprehensive expenses for the year	–	–	(1,295)	(1,295)
At 31 December 2024	**446,105**	**402,007**	**197,807**	**1,045,919**

The capital reserve of the Company represents the excess of the then net assets of the subsidiaries acquired by the Company pursuant to the Group Reorganisation as disclosed in the annual report of the Company for the year ended 31 December 2004, over the nominal value of the share capital of the Company issued in exchange therefor and the then existing 1,000,000 shares of HK$0.1 each credited as fully paid at par. Under the Companies Law of the Cayman Islands, the capital reserve may be 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 and when they fall due in the ordinary course of business.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name	Place of incorporation/ registration and operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company 2024	2023	Principal activities
Directly held:					
Joint Result	BVI/ Hong Kong	US$10,000	100	100	Investment holding
Indirectly held:					
Highkeen Enterprises Limited	BVI/ Hong Kong	US$1,000	100	100	Investment holding
Kam Hing Textile (International) Limited ("KH Textile")	Hong Kong	Ordinary HK$2 Non-voting deferred HK$10,000,000 (Note (a))	100	100	Investment holding
En Ping Kam Hing Textile and Dyeing Co., Ltd. ("En Ping KH")	PRC/ Mainland China	US$91,878,000 (Note (b))	100	100	Manufacture and trading of knitted and dyed fabrics
Guangzhou Kamhing Textile Dyeing Co., Ltd. ("Guangzhou KH")	PRC/ Mainland China	US$166,371,000 (Note (c))	100	100	Manufacture and trading of knitted and dyed fabrics
Sparkle Logistics Limited	Hong Kong	HK$3,800,000	92	92	Provision of air and ocean freight services
Kam Hing Textile Macao Commercial Offshore Company Limited	Macau	Macau Pataca 100,000	100	100	Sourcing agent and trading of yarns and dyeing materials

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company 2024	2023	Principal activities
Indirectly held: (continued)					
Kam Hing Piece Works Limited ("KH Piece Works")	Hong Kong	Ordinary HK$2 Non-voting deferred HK$1,000,010 (Note (a))	100	100	Trading of finished fabrics
Json Garment Company Limited ("Json")	Hong Kong	HK$10,000,000	80	80	Trading of garment products
錦興(中國)企業管理有限公司 ("KH China")	PRC/ Mainland China	US$16,700,000 (Note (d))	100	100	Property holding and provision of corporate management, sales planning and consultancy services
Lunar Dragon Holdings Limited	Hong Kong	HK$1	100	100	Property holding
Sewage Treatment Company	PRC/ Mainland China	RMB200,000	100	100	Provision of sewage treatment service
Jade Sun Garment (Cambodia) Co., Ltd. ("Jade Sun")	Kingdom of Cambodia	US$5,000,000 (Note (e))	80	80	Manufacture and trading of garment products
JH Garment (Cambodia) Co., Ltd. ("JH Garment")	Kingdom of Cambodia	US$4,500,000 (Note (f))	80	80	Manufacture and trading of garment products

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company 2024	2023	Principal activities
Indirectly held: (continued)					
J-Star Garment (Cambodia) Co., Ltd. ("J-Star Garment")	Kingdom of Cambodia	US$6,723,000 (Note (g))	80	80	Manufacture and trading of garment products
廣東錦恒置業有限公司 ("Kam Hang")	PRC/ Mainland China	RMB100,000,000 (Note (h))	100	100	Property development
Great Market Global Viet Nam Co., Ltd.	Vietnam	US$5,440,000	–	100	Manufacture and trading of garment products
建新(廣東)紡織有限公司 ("Json Guangdong")	PRC/ Mainland China	RMB30,000,000 (Note (i))	100	100	Trading of garment products

Notes:

(a) The non-voting deferred shares do not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of KH Textile and KH Piece Works. The holders of the non-voting deferred shares are not entitled to any dividends of KH Textile and KH Piece Works. On a winding-up, the holders of the non-voting deferred shares are entitled, out of the surplus assets of KH Textile and KH Piece Works, to a return of the capital paid up on the non-voting deferred shares held by them to one half of the balance after a total sum of HK$100,000,000,000,000 has been distributed in such winding-up in respect of the ordinary shares of KH Textile and KH Piece Works.

(b) En Ping KH is registered as a wholly-foreign-owned enterprise under the PRC law. The registered capital of En Ping KH amounted to US$101,000,000 (2023: US$101,000,000), of which US$91,878,000 (2023: US$91,878,000) was paid up as at 31 December 2024.

(c) Guangzhou KH is registered as a wholly-foreign-owned enterprise under the PRC law with an operating period of 25 years commencing from 26 March 1992 and extended to 16 March 2027. The registered capital of Guangzhou KH amounted to US$192,610,000 (2023: US$192,610,000), of which US$166,371,000 (2023: US$166,371,000) was paid up as at 31 December 2024.

(d) KH China is registered as a wholly-foreign-owned enterprise under the PRC law with an operating period of 20 years commencing from 9 October 2013. The registered capital of KH China amounted to US$22,000,000 (2023: US$22,000,000), of which US$16,700,000 (2023: US$16,700,000) was paid up as at 31 December 2024.

(e) Jade Sun is principally engaged in the manufacture and trading of garment products. The registered capital of Jade Sun was fully paid up.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Notes: (continued)

(f) JH Garment is principally engaged in the manufacture and trading of garment products. The registered capital of JH Garment was fully paid up.

(g) J-Star Garment is principally engaged in the manufacture and trading of garment products. The registered capital of J-Star Garment amounted to US$8,100,000 (2023: US$1,500,000), of which US$6,723,000 (2023: US$1,500,000) was fully paid up as at 31 December 2024.

(h) Kam Hang is principally engaged in property development. Kam Hang is registered as a wholly-foreign-owned enterprise under the PRC law with an operating period of 20 years commencing from 24 January 2018. The registered capital of Kam Hang was fully paid up.

(i) Json Guangdong is principally engaged in the trading of garment products. Json Guangdong is registered as a wholly-foreign-owned enterprise under the PRC law on 20 August 2020. The registered capital of Json Guangdong was fully paid up.

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

42. EVENT AFTER THE REPORTING PERIOD

Pursuant to the announcements of the Company on 27 January 2025 and 27 February 2025, on 27 January 2025, a sale and purchase agreement (as supplemented on 27 February 2025) was entered into among Kam Fung (Hong Kong) Garment Company Limited ("Kam Fung", an indirect wholly-owned subsidiary of the Company), the vendors (Ms. Phan Le Diem Trang, Mr. Namkung Chul Woong, Gloucester Co., Ltd., and Yee Chain International Co., Ltd.) and Korea Textile & Dyeing Support Services Joint Stock Company ("KTD"), whereby the Group conditionally agreed to purchase 100% equity interests of KTD, a company incorporated in Vietnam with limited liability at cash consideration of approximately US$4,348,000 (equivalent to approximately HK$33,913,000) as the purchase price of the shares of KTD, and Kam Fung agreed to settle the debts owed by KTD to the vendors and related parties in the amount of approximately US$6,408,000 (equivalent to approximately HK$49,979,000). Completion is expected to take place in April 2025. KTD is principally engaged in the manufacture of fabric products. Its assets include a land plot located at Nhon Trach VI Industrial Zone, Vietnam with a total built-up area of 27,253 sq. m., including one dyeing factory and two weaving factories. Because the acquisition of KTD was not effected before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

PARTICULARS OF PROPERTIES

31 December 2024

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
東涌鎮南公路東段106號	Industrial	Long term lease	100%

FIVE-YEAR FINANCIAL SUMMARY

31 December 2024

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

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**3,824,324**	3,604,357	4,106,168	4,389,437	3,826,829
Profit/(loss) before tax	**41,469**	(124,990)	(53,840)	56,712	(29,053)
Income tax expense	**(12,974)**	(9,781)	(874)	(7,616)	(6,539)
Profit/(loss) for the year	**28,495**	(134,771)	(54,714)	49,096	(35,592)
Attributable to:					
Ordinary equity holders of the Company	**28,155**	(132,908)	(57,958)	45,986	(37,298)
Non-controlling interests	**340**	(1,863)	3,244	3,110	1,706
	28,495	(134,771)	(54,714)	49,096	(35,592)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**3,435,731**	3,780,086	4,073,999	5,193,230	4,703,380
TOTAL LIABILITIES	**(1,713,825)**	(2,129,635)	(2,156,350)	(2,982,309)	(2,619,920)
NON-CONTROLLING INTERESTS	**(1,218)**	77	(4,450)	(2,258)	852
	1,720,688	1,650,528	1,913,199	2,208,663	2,084,312