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**GILSTON GROUP LIMITED**

**進騰集團有限公司**

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

**(Stock Code: 2011)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**FINANCIAL HIGHLIGHTS**

	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>+ / (-)</b>
Revenue	<b>333,376</b>	266,548	<b>25.1%</b>
Gross profit	<b>175,509</b>	110,540	<b>58.8%</b>
Profit/(loss) for the year	<b>32,904</b>	(79,869)	<b>Turnaround</b>
Profit/(loss) attributable to equity shareholders	<b>32,300</b>	(69,043)	<b>Turnaround</b>
<b>As at 31 December</b>			
	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>+ / (-)</b>
Total assets	<b>551,788</b>	278,103	<b>98.4%</b>
Cash and cash equivalents	<b>141,480</b>	63,332	<b>123.4%</b>
Total equity attributable to the equity shareholders	<b>180,866</b>	123,378	<b>46.6%</b>

## FINANCIAL RESULTS

The board of directors (the “**Board**”) of Gilston Group Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the previous year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2024*

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	5	<b>333,376</b>	266,548
Cost of sales		<u>(157,867)</u>	<u>(156,008)</u>
<b>Gross profit</b>		<b>175,509</b>	110,540
Other revenue and (losses)/gains, net	6	<b>16,134</b>	(4,465)
Distribution costs		<b>(23,500)</b>	(23,168)
Administrative expenses		<b>(101,077)</b>	(93,741)
Reversal of/(impairment loss) reversal of impairment losses on			
– Trade receivables and bills receivables		<b>371</b>	(360)
– Property, plant and equipment		–	(25,512)
– Right-of-use assets		–	(28,527)
– Intangible assets		–	(491)
– Prepayments for property, plant and equipment		–	(1,654)
Finance costs	7	<u><b>(3,752)</b></u>	<u>(3,224)</u>
<b>Profit/(loss) before tax</b>	8	<b>63,685</b>	(70,602)
Income tax expense	9	<u><b>(30,781)</b></u>	<u>(9,267)</u>
<b>Profit/(loss) for the year</b>		<u><b>32,904</b></u>	<u>(79,869)</u>
<b>Profit/(loss) for the year attributable to:</b>			
Equity shareholders of the Company		<b>32,300</b>	(69,043)
Non-controlling interests		<u><b>604</b></u>	<u>(10,826)</u>
<b>Profit/(loss) for the year</b>		<u><b>32,904</b></u>	<u>(79,869)</u>
<b>Profit/(loss) per share attributable to the equity shareholders of the Company (HK cents)</b>	10		
Basic		<u><b>5.6</b></u>	<u>(12.4)</u>
Diluted		<u><b>5.5</b></u>	<u>(12.4)</u>

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2024*

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) for the year	<u><b>32,904</b></u>	<u>(79,869)</u>
<b>Other comprehensive income for the year</b>		
– Exchange differences on translation of the financial statements of subsidiaries in the Mainland China	<u><b>(5,740)</b></u>	<u>(4,137)</u>
<b>Total comprehensive income for the year</b>	<u><b>27,164</b></u>	<u><b>(84,006)</b></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>26,975</b>	(72,585)
Non-controlling interests	<u><b>189</b></u>	<u>(11,421)</u>
<b>Total comprehensive income for the year</b>	<u><b>27,164</b></u>	<u><b>(84,006)</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		50,903	32,941
Right-of-use assets		64,231	39,859
Intangible assets		680	614
Investment properties		17,174	–
Prepayment and rental deposits		164,749	5,424
Deferred tax assets		7,139	4,522
		<u>304,876</u>	<u>83,360</u>
<b>Current assets</b>			
Inventories		36,393	27,090
Trade and other receivables	11	67,048	103,750
Amount due from a related party		1,991	–
Time deposit		–	571
Cash and cash equivalents		141,480	63,332
		<u>246,912</u>	<u>194,743</u>
<b>Current liabilities</b>			
Trade and other payables	12	114,904	63,320
Tax payable		34,814	8,191
Bank borrowings		19,082	–
Lease liabilities		18,914	15,556
		<u>187,714</u>	<u>87,067</u>
<b>Net current assets</b>		<u>59,198</u>	<u>107,676</u>
<b>Total assets less current liabilities</b>		<u>364,074</u>	<u>191,036</u>

		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Bank borrowings		<b>95,409</b>	–
Lease liabilities		<b>72,694</b>	56,453
Deferred tax liabilities		<b>3,378</b>	1,124
		<b>171,481</b>	57,577
<b>Net assets</b>		<b>192,593</b>	133,459
<b>Capital and reserves</b>			
Share capital	13	<b>5,745</b>	5,578
Reserves		<b>175,121</b>	117,800
<b>Total equity attributable to the equity shareholders of the Company</b>		<b>180,866</b>	123,378
<b>Non-controlling interests</b>		<b>11,727</b>	10,081
<b>Total equity</b>		<b>192,593</b>	133,459

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1. GENERAL

Gilston Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Group, comprising the Company and its subsidiaries, continues to operate the zipper business. In September 2023, the Group commenced to provide property management service.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) New amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Lease Liability in a Sale and Leaseback (Amendments to HKFRS 16 Leases);
- Non-current Liabilities with Covenants (Amendment to HKAS 1 Presentation of Financial Statements);
- Classification of Liabilities as Current or Non-current (Amendment to HKAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendment to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures)

None of these amendments to various HKFRSs has a material impact on the Group’s results and financial position for the current or prior period.

### (b) Revised/amendments to HKFRSs that have been issued but are not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning:

- The effects of changes in foreign exchange rates: Lack of exchangeability (Amendments to HKFRS 21 Leases)
- Annual Improvements to HKFRS Accounting Standards – Volume 11 (Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7)
- Non-current Liabilities with Covenants (Amendment to HKAS 1 Presentation of Financial Statements)
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendment to HKAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants)

- Supplier Finance Arrangements (Amendment to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures)

The Group is currently assessing the impact of these amendments and does not consider that they are relevant to the Group's circumstances nor will have a significant impact on the Group's financial statements.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

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

#### (b) Basis of measurement

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

#### (c) Functional currency

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

### 4. SEGMENT REPORTING

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

Since September 2023, the Group commenced a new business on provision of property management service in the Mainland China and it is considered as a new operating and reportable segment by the chief operating decision maker ("CODM"). As such, the Group reorganised its internal reporting structure which resulted in an additional reportable segment i.e. provision of property management services for the year ended 31 December 2023. Information reported to the Group's senior executive management, being the CODM, for the purposes of resource allocation and assessment, focuses on revenue from these two operating segments.

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

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

(a) **Business segments**

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	<b>Manufacture and sales of zippers HK\$'000</b>	<b>Provision of property management services HK\$'000</b>	<b>Total HK\$'000</b>
<b>For the year ended 31 December 2024</b>			
Reportable segment revenue	<u>237,875</u>	<u>95,501</u>	<u>333,376</u>
Reportable segment (loss)/profit	<u>(2,989)</u>	<u>91,510</u>	<u>88,521</u>
Depreciation for the year	<u>22,866</u>	<u>–</u>	<u>22,866</u>
Loss on disposal of property, plant and equipment	<u>3,631</u>	<u>–</u>	<u>3,631</u>
Amortisation for the year	<u>185</u>	<u>–</u>	<u>185</u>
	<b>Manufacture and sales of zippers HK\$'000</b>	<b>Provision of property management services HK\$'000</b>	<b>Total HK\$'000</b>
<b>For the year ended 31 December 2023</b>			
Reportable segment revenue	<u>233,677</u>	<u>32,871</u>	<u>266,548</u>
Reportable segment (loss)/profit	<u>(6,912)</u>	<u>32,205</u>	<u>25,293</u>
Depreciation for the year	<u>31,148</u>	<u>–</u>	<u>31,148</u>
Impairment loss on right-of-use assets	<u>28,527</u>	<u>–</u>	<u>28,527</u>
Impairment loss on property, plant and equipment	<u>25,512</u>	<u>–</u>	<u>25,512</u>
Impairment loss on intangible assets	<u>491</u>	<u>–</u>	<u>491</u>
Impairment loss on prepayment for property, plant and equipment	<u>1,654</u>	<u>–</u>	<u>1,654</u>
Loss on disposal of property, plant and equipment	<u>8,959</u>	<u>–</u>	<u>8,959</u>
Amortisation for the year	<u>312</u>	<u>–</u>	<u>312</u>



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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	333,376	266,548
Elimination of inter-segment revenue	<u>—</u>	<u>—</u>
Consolidated revenue ( <i>note 5</i> )	<u><b>333,376</b></u>	<u><b>266,548</b></u>
<b>Loss before income tax</b>		
Reportable segment profit derived from the Group's external customers	88,521	25,293
Other revenue and losses, net	16,134	(4,465)
Interests on lease liabilities	(3,552)	(3,224)
Impairment loss on non-financial assets	—	(56,184)
Share-based payments	(10,621)	(11,050)
Unallocated head office and corporate expenses ( <i>note</i> )	<u>(26,797)</u>	<u>(20,972)</u>
Consolidated (loss)/profit before income tax	<u><b>63,685</b></u>	<u><b>(70,602)</b></u>

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

**5. REVENUE**

The principal activities of the Group are manufacture and sale of zippers and other related products. Since September 2023, the Group commences the provision of property management service.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Sales of goods</b>		
Finished zippers and sliders	235,830	232,617
Others	<u>2,045</u>	<u>1,060</u>
	<b>237,875</b>	<b>233,677</b>
<b>Services income</b>		
Property management fee income	<u>95,501</u>	<u>32,871</u>
	<u><b>333,376</b></u>	<u><b>266,548</b></u>

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

## 6. OTHER REVENUE AND GAINS/(LOSSES), NET

	2024 HK\$'000	2023 HK\$'000
Revenue from other sources		
Interest income	1,366	1,071
Government grants ( <i>note a</i> )	1,161	1,330
Relocation compensation ( <i>note b</i> )	13,912	–
	<u>16,439</u>	<u>2,401</u>
Other gains/(losses), net		
Net foreign exchange gains	(291)	2,072
Loss on disposal of property, plant and equipment	(3,631)	(8,959)
Bargain gain on acquisition of a subsidiary	3,571	–
Others	46	21
	<u>(305)</u>	<u>(6,866)</u>
	<u><u>16,134</u></u>	<u><u>(4,465)</u></u>

*Note:*

(a) Government grants

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

(b) Relocation compensation income

On 11 September 2023, the subsidiary of the Company entered into a relocation compensation agreement with Jiashan Economic Development Asset Management Co., Ltd. (嘉善經開資產經營管理有限公司) (“**JEDAM Limited**”), a 53.85% owned indirect subsidiary of JETDZ Management Committee, pursuant to which the subsidiary agreed with JEDAM Limited in respect of the relocation of some immovable machineries and leasehold improvements in the production base, subject to various condition precedents, for a total compensation of approximately RMB12,849,000, of which RMB1,285,000 (equivalent to approximately HK\$1,418,000) has been received as at 31 December 2023.

The remaining balance of RMB11,564,000 shall be payable within 15 days of completion of vacation of the production base provided that the relocation of plant and equipment and vacation of the production base can be completed within 270 days from the date of aforementioned agreement.

As one of the conditions for payment of the compensation, which requires completion of vacation of the production base within the period of maximum 270 days from the date of relocation compensation agreement, has not yet been fulfilled as at 31 December 2023, the compensation received was included in other payables as disclosed in note 14 during the year ended 31 December 2024.

During the year ended 31 December 2024, the vacation of the production base was completed, and the remaining compensation monies of approximately RMB11,564,000 was subsequently received and thus, the Company recognised the entire Relocation compensation monies of RMB12,849,000 (equivalent to HK\$13,912,000) as other income which was credited to profit or loss for the year.

(c) Bargain gain on acquisition of a subsidiary

The Company recognised a bargain gain regarding the acquisition of 90% equity interest in Shenzhen Jiajinlong.

**7. FINANCE COSTS**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest in bank borrowing	<b>200</b>	–
Interest in lease liabilities	<b>3,552</b>	3,224
	<u><b>3,752</b></u>	<u>3,224</u>

**8. PROFIT/(LOSS) BEFORE TAXATION**

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

(a) **Staff costs\***

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries, wages and other benefits	<b>102,904</b>	93,763
Contributions to defined contribution retirement plans	<b>17,596</b>	11,060
Share-based compensation	<b>10,621</b>	11,050
	<u><b>131,121</b></u>	<u>115,873</u>

(b) Other items

	2024 HK\$'000	2023 HK\$'000
Depreciation and amortisation*		
Property, plant and equipment	13,427	11,973
Intangible assets	185	312
Right-of-use assets	11,439	20,633
	<u>25,051</u>	<u>32,918</u>
Auditors' remuneration		
Audit services	1,200	1,188
Other services	1,200	192
	<u>2,400</u>	<u>1,380</u>
Research and development expenses	15,731	8,825
Cost of inventories sold and cost of services	161,928	156,008
Including impairment loss on inventories	500	1,212
	<u>178,159</u>	<u>166,045</u>

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax expense/(credit) in the consolidated statement of profit or loss represents:

	2024 HK\$'000	2023 HK\$'000
<b>Current tax</b>		
<b>PRC corporate income tax</b>		
Provision for the year	29,552	8,160
Under-provision in respect of prior years	–	10
	<u>29,552</u>	<u>8,170</u>
<b>Withholding income tax</b>	4,018	–
<b>Hong Kong Profits Tax</b>	–	–
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(2,789)	1,097
	<u>30,781</u>	<u>9,267</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI. Under the two tiered profits tax rates regime, KEE Zippers Corporation Limited (“KEE Zippers”) is subject to Hong Kong Profits Tax at 8.25% for the first HK\$2 million of profit whilst the remaining profit is taxed at 16.5%.

- (ii) 開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited\*) (“**KEE Guangdong**”) was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2025. Except for KEE Guangdong, the statutory income tax rate applicable to the Company’s other subsidiaries in Mainland China is 25%.
- (iii) The Group is subject to PRC withholding tax of 10% on the gross interest income from its PRC subsidiaries to the Company.

## 10. PROFIT/(LOSS) PER SHARE

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

Earnings (loss) figures are calculated as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit (loss) for the year attributable to equity shareholders of the Company	<u>32,300</u>	<u>(69,043)</u>
	Number of shares 2024 (number of shares '000)	2023
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	573,675	557,786
Effect of dilutive potential ordinary shares – Options	<u>12,126</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>585,801</u>	<u>557,786</u>

The diluted loss per share for the year ended 31 December 2023 is equal to the basic loss per share as the dilutive potential ordinary shares in issue resulting from share options granted by the Company during the year ended 31 December 2023 are anti-dilutive or no dilutive impact.

# 11. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	58,147	59,690
Bills receivable	6,003	6,049
	<u>64,150</u>	<u>65,739</u>
Less: Impairments	(1,044)	(1,519)
	<u>63,106</u>	<u>64,220</u>
Unbilled receivables	–	34,608
	<u>63,106</u>	<u>98,828</u>
Contract receivables balances		
Prepayments relating to:		
– Property, plant and equipment	1,852	2,067
– Investment properties	159,015	–
– Other prepayments	3,106	1,691
	<u>163,973</u>	<u>3,758</u>
Rental deposits		
– Current portion	–	3,011
– Non-current portion	3,882	3,357
	<u>3,882</u>	<u>6,368</u>
Others	836	220
	<u>231,797</u>	<u>109,174</u>
Analysed as:		
– Current	67,048	103,750
– Non-current	164,749	5,424
	<u>231,797</u>	<u>109,174</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

## Ageing analysis

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

	2024 HK\$'000	2023 HK\$'000
Within 1 month	24,060	28,656
Over 1 month but within 2 months	20,174	17,896
Over 2 months but within 3 months	8,902	6,844
Over 3 months	9,970	10,824
	<u>63,106</u>	<u>64,220</u>

Unbilled receivable represented property management fee income recognised not yet invoiced to a customer and the Group has a right to consideration that is unconditional.

## 12. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade creditors	12,869	11,994
Payroll and staff benefits payable	33,392	29,390
Accrued expenses	20,613	13,553
Payables for purchase of property, plant and equipment	3,010	129
Other tax payables	8,434	4,592
Contract liabilities	986	1,351
Compensation received	–	1,418
Other payables	2,180	893
Deposit from tenants	31,916	–
Receipt in advance under HKFRS 16	1,504	–
	<u>114,904</u>	<u>63,320</u>

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

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

	2024 HK\$'000	2023 HK\$'000
Within 1 month	4,409	11,794
Over 1 month but within 3 months	6,414	156
Over 3 months but within 6 months	697	25
Over 6 months	1,349	19
	<u>12,869</u>	<u>11,994</u>

### 13. SHARE CAPITAL

#### Authorised and issued share capital

	At 31 December 2024		At 31 December 2023	
	Number of shares '000	Share capital HK\$'000	Number of shares '000	Share capital HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	557,765	5,578	557,765	5,578
Proceeds from placing of new shares, net of expenses	<u>16,733</u>	<u>167</u>	<u>–</u>	<u>–</u>
At 31 December	<u><b>574,498</b></u>	<u><b>5,745</b></u>	<u>557,765</u>	<u>5,578</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 14. DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

### 15. CONTINGENT LIABILITIES

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

Other than the disclosure of above, as at the end of the reporting period, the Group was not involved in any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2024, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group continued to operate the zipper business during the year ended 31 December 2024. Starting from September 2023, the Group commenced to provide property management services.

The Group continued to operate the property management services during the year through the management agreement to operate and manage a land and properties with showrooms, car sales and offices, car maintenance and after sales services, namely Jiajinlong Car City (嘉進隆汽車城) located at Nanshan District of Shenzhen.

The Group continued to operate the zipper business during the year ended 31 December 2024. The customers in zipper business are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

### FINANCIAL HIGHLIGHTS

The Group's revenue for the year ended 31 December 2024, comprised revenue from property management services and zipper business, increased to HK\$333.38 million as compared with approximately HK\$266.55 million for the year ended 31 December 2023.

Profit before taxation for the year ended 31 December 2024 was approximately HK\$61.67 million (2023: Loss before taxation HK\$70.60 million), representing a reverse change of approximately HK\$132.28 million as compared to prior year. The turn-around was mainly attributable to, amongst others: (1) a full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023; and (2) stabilised performance from Zipper business that provided no further impairment loss for the Zipper business during the year as compared to the impairment losses provided in last year of approximately HK\$56 million.

## REVENUE

For the year ended 31 December 2024, the Group recorded revenue amounting to approximately HK\$333.38 million, representing an increase of approximately 25.1% as compared to the previous year. The increase in revenue was primarily due to full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023.

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

	2024		2023	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Zipper business	<b>237.88</b>	<b>71.4</b>	233.68	87.7
Property management business	<b>95.50</b>	<b>28.6</b>	32.87	12.3
<b>Total revenue</b>	<b>333.38</b>	<b>100.0</b>	266.55	100.0

### Zipper Business

For the year ended 31 December 2024, the Group revenue from manufacture and sales of zippers amounted to approximately HK\$237.88 million, representing an increase of approximately 1.8% as compared to the previous year.

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

Revenue analysis by product category:

	2024		2023	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
<i>Sales of goods</i>				
Finished zippers and sliders	<b>235.83</b>	<b>99.1</b>	232.62	99.5
Others	<b>2.05</b>	<b>0.9</b>	1.06	0.5
<b>Total revenue</b>	<b>237.88</b>	<b>100.0</b>	233.68	100.0

## Revenue analysis by geographic location:

	2024		2023	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Mainland China	224.38	94.3	213.94	91.6
Overseas	13.5	5.7	19.74	8.4
<b>Total revenue</b>	<b>237.88</b>	<b>100.0</b>	<b>233.68</b>	<b>100.0</b>

### *Finished Zippers and Sliders*

Revenue from sales of finished zippers and sliders increase by approximately HK\$3.21 million or 1.4% to approximately HK\$235.83 million for the year ended 31 December 2024 (2023: approximately HK\$232.62 million). The increase was primarily due to growth in consumer demand.

The Group's revenue was mainly derived from sales in Mainland China. Other countries or regions to which the Group sold its products for the year ended 31 December 2024 include but not limited to Hong Kong, Switzerland, Italy, India, Indonesia, Bangladesh, Germany, Korea, Vietnam, Tunisia and Jordan.

### *Others*

Others represent items such as scrap material and zipper components. Revenue of other items increased by approximately HK\$1.01 million to approximately HK\$2.05 million for the year ended 31 December 2024 (2023: approximately HK\$1.06 million).

### **Property Management Business**

Starting from September 2023, the Group has expanded its business into property management services that provide stable and solid income to the Group. Revenue from property management business increased by approximately HK\$62.63 million or 190.5% to approximately HK\$95.50 million for the year ended 31 December 2024 (2023: approximately HK\$32.87 million). The increase was primarily due to a full year revenue contributed from the property management business as compared to last year with only four months starting from September 2023.

## COST OF SALES AND GROSS PROFIT

In 2024, the overall cost of sales of the Group amounted to approximately HK\$161.93 million (2023: approximately HK\$156.01 million), representing an increase of approximately 3.8%. The overall gross profit of the Group increased by approximately 55.1% from approximately HK\$110.5 million for the year ended 31 December 2023 to approximately HK\$171.45 million for the year ended 31 December 2024. In 2024, the overall gross profit margin increased from approximately 41.5% for 2023 to 51.4% for 2024. The increase in gross profit was primarily due to the expansion of new property management services income which has relatively higher profit margin. The gross profit margin for property management services is primarily affected by its property management fee rates charges for management services and cost control capabilities. The gross profit for manufacture and sales of zippers amounting to approximately HK\$76.98 million, representing a decrease of approximately 1.7% as compared to the previous year and the following table sets forth the gross profit for zipper business indicated by product category:

Gross profit analysis for zipper business by product category:

	2024		2023	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Finished zippers and sliders	<b>74.68</b>	<b>97.9</b>	76.34	97.4
Others	<b>2.30</b>	<b>2.1</b>	2.00	2.6
Total gross profit	<b><u>76.98</u></b>	<b><u>100.0</u></b>	<b><u>78.34</u></b>	<b><u>100.0</u></b>

### Finished Zippers and Sliders

Gross profit for finished zippers and sliders slightly decreased by approximately 0.8% from approximately HK\$76.34 million for the year ended 31 December 2023 to approximately HK\$76.98 million for the year ended 31 December 2024 which was primarily due to the combined effect in revenue as discussed above.

### Others

Gross profit of other items increased by approximately HK\$0.30 million from approximately HK\$2.00 million for the year ended 31 December 2023 to approximately HK\$2.30 million for the year ended 31 December 2024, which was mainly due to the increase in sale volume of other items.

## **DISTRIBUTION COSTS**

Distribution costs mainly represent (i) staff costs relating to sales and marketing personnel; (ii) transportation costs for delivery of the Group's products; and (iii) advertising and marketing expenses. For the year ended 31 December 2024, the Group's distribution costs amounted to approximately HK\$23.50 million (2023: approximately HK\$23.17 million), accounting for approximately 7.0% of the Group's revenue (2023: approximately 8.7%). The increase in distribution costs was in line with the increasing in turnover.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) professional fees and auditors' remuneration; and (iii) other administrative expenses including depreciation and amortisation. In 2024, the Group's administrative expenses amounted to approximately HK\$101.08 million (2023: approximately HK\$93.74 million), which accounted for approximately 30.3% of the Group's revenue (2023: approximately 35.2%). The increase in administrative expenses was mainly due to the increase in overall costs in relation to the operation of property management business.

## **INCOME TAX EXPENSES**

Income tax expense for the year ended 31 December 2024 and 2023 mainly represents Enterprise Income Tax payable for property management service business.

## **PROFITABILITY**

In 2024, the Group's profit attributable to equity shareholders of the Company amounted to approximately HK\$32.30 million (2023: loss attributable to equity shareholders of approximately HK\$69.04 million), representing a turnaround from loss to profit as compared to 2023. The margin of profit attributable to the equity shareholders of the Company for the year was approximately 9.3% (2023: margin of loss attributable to equity shareholders of approximately 25.9%).

During the year ended 31 December 2024, the Group's return on equity attributable to the equity shareholders of the Company was approximately 16.9% (2023: approximately -56.0%).

## **INVENTORIES**

Inventories are one of the principal components of the Group's current assets of zipper business. The carrying value of inventories accounted for approximately 13.9% and 14.7% of the Group's total current assets as at 31 December 2023 and 2024 respectively.

Inventories increased by approximately 34.3% from approximately HK\$27.09 million as at 31 December 2023 to approximately HK\$36.39 million as at 31 December 2024. The increase in inventories was mainly affected by the Group's inventories policy to enhance level of materials held to save cost of turnover.

The average inventory turnover days for 2024 and 2023 were approximately 72 days and 71 days respectively.

## **TRADE DEBTORS**

As at 31 December 2024, the allowance for impairment was approximately HK\$1.04 million (31 December 2023: approximately HK\$1.52 million), accounting for approximately 1.6% of the Group's total trade debtors (2023: approximately 1.5%).

From the zipper segment, the Group's trade debtors (net) decreased by around 1.7% from approximately HK\$64.22 million of last year to approximately HK\$63.11 million as at 31 December 2024.

The average trade debtors turnover days of zipper business for 2024 and 2023 were approximately 97 days and 100 days respectively.

## **OTHER RECEIVABLES**

Other receivables mainly represent rental deposits of certain factories and office premises with remaining lease terms of less than one year. The decrease in balance of other receivables by approximately HK\$0.98 million, representing a decrease of 19.9% from approximately HK\$4.92 million in 2023 to HK\$3.94 million in 2024.

## TRADE CREDITORS

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

The Group's trade creditors increased by 7.3% from approximately HK\$11.99 million as at 31 December 2023 to approximately HK\$12.87 million as at 31 December 2024. The average trade creditors turnover days for 2024 and 2023 were approximately 29 days and 23 days respectively.

## OTHER PAYABLES

Other payables mainly represent (i) payroll and staff benefits payable; (ii) payables for purchase of property, plant and equipment; (iii) accrued expenses; and (iv) deposit from tenants. The balance of other payables increased by approximately 98.8% to approximately HK\$102.04 million as at 31 December 2024 (2023: approximately HK\$51.33 million).

## RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2024, the lease liabilities and right-of-use assets amounted to approximately HK\$91.61 million (2023: approximately HK\$72.01 million) and approximately HK\$64.23 million (2023: approximately HK\$39.86 million) respectively.

## LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of cash flow data for the two years ended 31 December 2023 and 2024:

	<b>2024</b>	<b>2023</b>
	<b><i>HK\$ million</i></b>	<b><i>HK\$ million</i></b>
Net cash generated from operating activities	<b>42.36</b>	1.30
Net cash used in investing activities	<b>37.96</b>	(8.36)
Net cash (used in)/generated from financing activities	<b>12.33</b>	(33.38)
Net (decrease)/increase in cash and cash equivalents	<b>83.72</b>	(40.44)
Cash and cash equivalents at 1 January	<b>63.33</b>	105.27
Effect of foreign exchange rate changes	<b>(5.57)</b>	(1.50)
Cash and cash equivalents at 31 December	<b>141.48</b>	63.33

The Group's net cash inflow from operating activities for the year 2024 amounted to approximately HK\$42.36 million (2023: HK\$1.3 million). As at 31 December 2024, cash and cash equivalents amounted to approximately HK\$141.48 million, representing an increase of approximately HK\$78.15 million as compared with the position as at 31 December 2023, which was mainly due to the combined effect of the cash flows for the year ended 31 December 2024 as shown in the above table.

## **BANK BORROWINGS**

The Group had bank borrowings of approximately HK\$114.49 million as at 31 December 2024. Included in the balance amounting to HK\$10,601,000 is unsecured and carries fixed interest at 3.5%. The remaining balance are individual guaranteed by the directors of the subsidiary and related parties of the directors of the subsidiaries and secured by properties owned by the related parties of the directors of the subsidiaries. All the borrowings were denominated in Renminbi.

The Group did not have borrowings other than lease liabilities as at 31 December 2023.

## **NET CASH POSITION**

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

The Group did not have borrowings other than lease liabilities as at 31 December 2023.

## **GEARING RATIO**

The Group's gearing ratio was 60.1% as at 31 December 2024 which is calculated using bank borrowings divided by total equity and multiplied by 100%.

The Group did not have borrowings other than lease liabilities as at 31 December 2023.

## **NET CURRENT ASSETS**

As at 31 December 2024, the Group had net current assets of approximately HK\$59.20 million. The key components of current assets as at 31 December 2024 included cash and cash equivalents of approximately HK\$141.48 million, trade and other receivables of approximately HK\$67.05 million, and inventories of approximately HK\$36.39 million. The current liabilities mainly represented trade and other payables of approximately HK\$114.90 million, current portion of bank borrowings of approximately HK\$19.08 million and current portion of lease liabilities of approximately HK\$18.91 million.



The net current assets decreased from approximately HK\$107.68 million as at 31 December 2023 to approximately HK\$59.20 million as at 31 December 2024.

## **PLEDGE OF ASSETS**

The Group did not have any assets pledged for borrowings.

## **CAPITAL COMMITMENTS**

The capital commitments in respect of property, plant and equipment as at 31 December 2023 and 2024 not provided for in the consolidated financial statements were approximately HK\$4.33 million and approximately HK\$38.18 million respectively.

## **FOREIGN CURRENCY RISK**

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

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

In addition, the Group had HK\$ denominated inter-company other receivables amounting to approximately HK\$17.91 million (2023: approximately HK\$152.05 million) that were held by 開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited\*) (“**KEE Guangdong**”), 開易(湖北)拉鏈製造有限公司 (KEE (Hubei) Zippers Manufacturing Limited\*) (“**KEE Hubei**”) and 開易(浙江)服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited\*) (“**KEE Zhejiang**”) for which RMB is their functional currency.

Assuming that a general appreciation/depreciation of 0.5% in HK\$ against RMB at 31 December 2024, with all other variables held constant, there would be a decrease/increase of the Group’s net loss for the year and decrease/increase of accumulated losses by approximately HK\$0.09 million (2023: increase/decrease in net profit and decrease/increase of accumulated losses by approximately HK\$0.76 million).

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

## EMPLOYEES

As at 31 December 2024, the Group had 696 full-time employees (2023: 655). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the year 2024 were approximately HK\$131.12 million (2023: approximately HK\$115.87 million). The increase in staff costs is mainly due to increase in number of full time employees and average salary of employees.

## CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2023 and 2024.

## CONNECTED TRANSACTIONS

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

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

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

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

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

- (iii) On 30 December 2022, Mr. Xu Xipeng and Mr. Xu Xinan, connected persons at the subsidiary level of the Company, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the **“Guangdong Lease Renewal Agreement 2022”**) to renew the lease of a plant in Guangdong for a further term of two years commencing from 1 January 2023 to 31 December 2025 for a monthly rental of RMB428,980 payable within the first 10 working days of each month commencing from 1 January 2023.

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

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

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

- (v) On 31 May 2022, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the “**PRC Property Phase II**”) for a term from 1 June 2022 to 31 August 2023 (the “**Phase II Lease Agreement**”) pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB245,658 payable in cash before the fifteen day of each month commencing from 1 September 2022 with three months’ rent of RMB736,974 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB245,658 is fair and reasonable with reference to the market rate.
- (vi) On 31 August 2023, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the “**PRC Property**”) for a term from 1 September 2023 to 31 August 2029 (the “**Lease Agreement**”), which replaced the leases expired on 31 August 2023 as mentioned an items (iv) and (v) above, pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB969,735 payable in cash before the fifteen day of each month commencing from 1 September 2023 with three months’ rent of RMB2,909,205 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB969,735 is fair and reasonable with reference to the market rate.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Fourth HK Lease Renewal Agreement, Third Zhejiang Lease Renewal Agreement, Guangdong Lease Renewal Agreement 2022, Jingmen Lease Renewal Agreement 2021, Phase II Lease Agreement and Lease Agreement, the Group recognized an additional asset representing its right to use the property under the relevant lease agreements of a total of approximately HK\$4 million for the Fourth HK Lease Renewal Agreement and Zhejiang PRC Lease Renewal Agreement, approximately HK\$0.2 million for the Guangdong Lease Renewal Agreement 2022, approximately HK\$8.58 million for the Jingmen Lease Renewal Agreement 2021, approximately HK\$8.34 million for the Phase II Lease Agreement and approximately HK\$48.04 million for the Lease Agreement, respectively. As such, the transactions under the above lease agreements were recognised as acquisitions of right-of-use assets which constituted one-off connected transactions of the Company under Chapter 14A of the Listing Rules. Details of which had been disclosed in the Company’s relevant announcements dated 14 January 2022, 30 December 2022, 27 August 2021, 29 April 2022, 31 May 2022, 31 August 2023 and 15 January 2024.

## **BUSINESS UPDATE IN RELATION TO RELOCATION OF ZHEJIANG PRODUCTION BASE**

KEE Zhejiang, a 85%-owned subsidiary of the Company, has been informed by the management committee of Jiashan Economic and Technology Development Zone (“**JETDZ Management Committee**”) that, the production base located at 116 Jinjia Avenue, Economic Development Zone, Jiashan County, Zhejiang Province, China is included in the implementation area of the organic renewal project of the Economic Development Zone and required to be vacated.

On 11 September 2023, the subsidiary of the Company entered into a relocation compensation agreement with Jiashan Economic Development Asset Management Co., Ltd. (嘉善經開資產經營管理有限公司) (“**JEDAM Limited**”), a 53.85% owned indirect subsidiary of JETDZ Management Committee, pursuant to which the subsidiary agreed with JEDAM Limited in respect of the relocation of some immovable machineries and leasehold improvements in the production base, subject to various condition precedents, for a total compensation of RMB12,849,140, of which RMB1,284,914 (equivalent to approximately HK\$1,418,000) has been received as at 31 December 2023.

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

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

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

## **PROSPECTS**

In 2024, amid a complex and challenging environment, China’s economy achieved steady growth. In the face of numerous uncertainties, the Group has successfully achieved a turnaround from loss to profit through operational strategy adjustments and diversified developments. In the future, the Group will continue to explore innovation, remain agile in response to changes and fully utilize its strengths in order to build a solid and sustainable foundation for development.

### **Property Management Business**

The Group has introduced the property management services characterized by short cycles, stable cash flows and low asset intensity, gradually shifting away from the asset-heavy business model to achieve diversified development and establish a secure and robust operational framework. Driven by this new strategy, the Group has successfully turned from loss to profit. We will continue to review our business strategies and operational models, formulate long-term development plans, and explore additional business and investment opportunities to create a healthy and secure development model that delivers stable returns for our shareholders.

## **The Zipper Business**

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

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

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

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

## **CORPORATE GOVERNANCE**

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

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



During the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the Corporate Governance Code in all material respects except the following deviations.

**(i) Chairman and chief executive officer**

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

**(ii) Internal control and risk management**

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

**(iii) Attendance of General Meetings**

Code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive Directors were unable to attend the annual general meeting of the Company that was held on 21 June 2024 respectively due to personal reasons.

**MODEL CODE**

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed they have complied with the Model Code throughout the year ended 31 December 2024.

## AUDIT COMMITTEE

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

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

The Audit Committee held five meetings to review interim and annual financial results and reports during the year ended 31 December 2024 and significant issues on, amongst others, the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties. The consolidated results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

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

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



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

Intended use of proceeds	Allocation of proceeds <i>HK\$' million</i>	Utilisation as at 31 December 2024 <i>HK\$' million</i>	Utilisation as at date of this announcement <i>HK\$' million</i>	Unutilised as at the date of this announcement <i>HK\$' million</i>	Expected timeline for full utilisation of the remaining proceeds
General working capital and future business opportunities and investments of the Group	19.9	5.8	7.0	12.9	Sep 2025

As disclosed in the announcement of the Company dated 12 July 2022, the Company completed the placing of new shares and raised a total of HK\$68.6 million. As disclosed in the 2023 Annual Report, approximately HK\$38.6 million, out of the net proceeds of approximately HK\$68.6 million has been utilised as general working capital and business opportunities and investments. Further details of the latest utilisation are set out below for reference:

Intended use of proceeds	Allocation of proceeds <i>HK\$ million</i>	Utilisation as at 31 December 2024 <i>HK\$ million</i>	Utilisation as at the date of this announcement <i>HK\$ million</i>	Unutilised as at the date of this announcement <i>HK\$ million</i>	Expected timeline for full utilisation of the remaining proceeds
For general working capital and business opportunities and investments	68.6	68.6	–	–	N/A

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 30 September 2024 (after trading hours), Shenzhen Errui Investment Co., Ltd.\* (深圳市爾瑞投資有限公司) (“**Shenzhen Errui**”), an indirect wholly-owned subsidiary of the Company, the original shareholders of Shenzhen Jiajinlong Industrial Development Co., Ltd.\* (深圳市嘉進隆實業發展有限公司) (the “**Target Company**”) and the Target Company entered into the share subscription agreement (the “**Share Subscription Agreement**”), pursuant to which Shenzhen Errui has conditionally agreed to subscribe for the registered capital of the Target Company in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Target Company upon completion (the “**Completion**”), at the consideration of RMB9,000,000. Upon Completion, the Target Company would be owned as to 90% by the Company and the Group would obtain control and management of Jiajinlong Car City, which enables the Group greater flexibility in the strategic directions and day-to-day management of Jiajinlong Car City, and hence to achieve operational and management efficiency which is beneficial to the Group’s long-term development.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the above share subscription was more than 100%, the share subscription constituted a very substantial acquisition for the Company under the Listing Rules and was subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Completion took place on 31 December 2024. Upon Completion, the Target Company has become subsidiary of the Company and the financial statements of the Target Company are consolidated into the financial statements of the Group.

For further details, please refer to the announcements of the Company dated 30 September 2024, 22 October 2024 and 2 January 2025, and the circular of the Company dated 25 November 2024.

## **DIVIDENDS**

The Board does not recommend any payment of a final dividend (2023: Nil) in respect of the year 2024 to the Shareholders.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no major subsequent events since 31 December 2024 and up to the date of this announcement.

## **SCOPE OF WORK OF SFAI (HK) CPA Limited**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the results announcement have been compared by the Group's auditor, SFAI (HK) CPA Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by SFAI (HK) CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://www.irasia.com/listco/hk/gilstongroup/>). The annual report for the year ended 31 December 2024 containing all the information required by Appendix D2 to the Listing Rules will be made available on the same websites by no later than 30 April 2025.

## DEFINITIONS

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

“Board”	the Board of Directors
“CG Code”	code on corporate governance practices as set out in Appendix C2 to the Listing Rules
“Company”	Gilston Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the Director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“OEM”	original equipment manufacturer or manufacturing
“PRC” or “China” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”

holder(s) of issued Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

\* *for identification purpose only*

By Order of the Board  
**Gilston Group Limited**  
**Yip Siu Lun Dave**  
*Chairman and executive Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the executive Directors are Mr. Yip Siu Lun Dave, Mr. Mak Yung Pan Andrew, Mr. Wu Cody Zhuo-xuan and Ms. Cheung Ka Yuen; the non-executive Director is Ms. Lin Ping; and the independent non-executive Directors are Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Ko Kwok Shu.*