



GILSTON GROUP LIMITED

進騰集團有限公司

(formerly known as China Apex Group Limited 中國恒泰集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

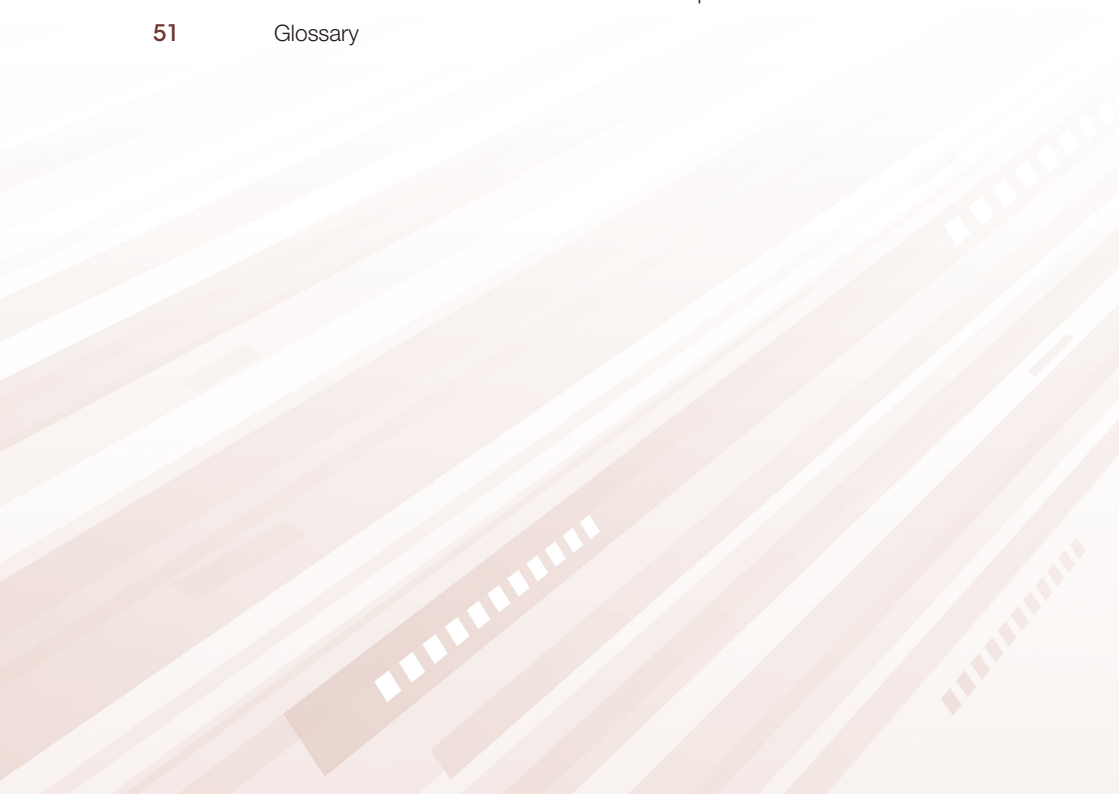
2024

Interim Report



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Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Lin Ping

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chan Kam Fuk

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

Corporate Information

HONG KONG SHARE REGISTRAR

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

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

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

COMPANY WEBSITE

<https://www.irasia.com/listco/hk/gilstongroup/index.htm>

Financial Highlights

	Six months ended 30 June		
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	change + / (-)
Revenue	160,386	123,386	30.0%
Gross profit	88,910	42,594	108.7%
Gross profit margin	55.4%	34.5%	60.6%
Profit for the period	10,533	5,910	78.2%
Attributable to equity shareholders of the Company			
Profit for the period	10,846	3,394	220.0%
Basic earnings per share (HK cents)	1.9	0.6	216.7%
Diluted earnings per share (HK cents)	1.8	0.6	200.0%
	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)	change + / (-)
Total assets	346,120	278,103	24.5%
Cash and cash equivalents	75,977	63,332	20.0%
Total equity attributable to equity shareholders of the Company	157,941	123,378	28.0%

Management Discussion and Analysis

BUSINESS REVIEW

The Group continued to engage in manufacturing finished zippers in China. The Group's customers for zippers business are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied in the apparel products. The apparel brand owners usually decide on the zipper supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

The Group commenced property management services since September 2023 through entering into a management agreement to operate and manage a land and properties (the "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, Guangdong Province, the PRC. The management and operation period for property management services shall be one year commencing from September 2023 to August 2024 which can be renewed for another one year subject to the agreement by each party. Please also refer to the section headed "Events subsequent to the end of the Reporting Period" of this report for further details.

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$10.85 million for the six months ended 30 June 2024, as compared with profit attributable to equity shareholders of the Company of approximately HK\$3.39 million for the same period in 2023. The increase in profit was primarily attributable to, among other factors, the introduction of property management business which contributed considerable revenue and profit for the period, in the amount of approximately HK\$45.27 million and HK\$30.19 million, respectively.

PROSPECTS

Despite stable yearly growth in China's domestic economy and gross domestic product (GDP) in the first half year of 2024, difficulties have persisted due to geopolitical tensions, monetary policies, high interest rates, and a slowdown in global economic growth. The rising costs of raw materials, energy, and labor within China have continued to pose challenges. Additionally, the decline in consumerism has affected business development.

The Zipper Business

The relocation of our production base from Zhejiang to Hubei province's Jingmen in 2023 has impacted our overall production structure. Geopolitical tensions, monetary policies, and high interest rates remain influential factors. Given the rising costs and decline in consumer demand, we have taken a cautious approach towards the development in our zipper business.

Looking ahead, we will pragmatically address complex operational challenges and adapt to these changing environments. Our strategies include optimizing existing production capacity, enhancing automation, improving production processes, ensuring product quality, and cost control. We will also strengthen our financial management to mitigate risks and increase organizational efficiency.

Management Discussion and Analysis

Property Management Business

Our business strategy has always prioritized practicality, seeking stable growth while also exploring new avenues. In the year 2023, we introduced property management services characterized by short cycles, stable cash flows, and low asset intensity. This diversification is aimed towards a reduction in business risk while establishing a secure and robust operational model.

We will continue to review our business strategies, formulate long-term plans, and explore additional business opportunities or investments. Our goal is to create a healthy and secure development model that delivers stable returns for our shareholders.

FINANCIAL REVIEW

A comparison of the financial results for the six months ended 30 June 2024 and the corresponding period in 2023 is set out as follows:

REVENUE

For the six months ended 30 June 2024, the Group recorded revenue amounting to approximately HK\$160.4 million, representing an increase of approximately 30.0% as compared to the same period in 2023. The increase in revenue was primarily due to the expansion of new property management business that generated considerable revenue to the Group.

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

	Six months ended 30 June			
	2024		2023	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Zipper business	115,115	71.8	123,386	100.0
Property management business	45,271	28.2	–	–
Total	160,386	100.0	123,386	100.0

Management Discussion and Analysis

Zipper Business

The Group's revenue from zipper business for the six months ended 30 June 2024 amounted to approximately HK\$115.1 million, representing a decrease of approximately 6.7% as compared to the corresponding period in 2023.

Revenue analysis by product category:

	Six months ended 30 June			
	2024		2023	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
<i>Sales of goods</i>				
Finished zippers and sliders	112,753	97.9	122,120	99.0
Others	2,362	2.1	1,266	1.0
Total	115,115	100.0	123,386	100.0

Revenue analysis by geographic location:

	Six months ended 30 June			
	2024		2023	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Mainland China	108,337	94.1	109,042	88.4
Overseas	6,778	5.9	14,344	11.6
Total	115,115	100.0	123,386	100.0

Revenue for the six months ended 30 June 2024 comprised revenue from our zipper business and property management business while compared with the same period in 2023, there was only revenue generated from our zipper business.

The decrease in revenue in our zipper business was due to the weak domestic consumption as a result of various factors and challenges including global economic depreciation of Renminbi and interest rates uncertainties on different fronts.

Management Discussion and Analysis

GROSS PROFIT

Gross profit analysis by product category:

	Six months ended 30 June			
	2024		2023	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Finished zippers and sliders	43,704	97.5	41,734	98.0
Others	1,102	2.5	860	2.0
Total	44,806	100.0	42,594	100.0

The increase in gross profit was primarily due to the effect from cost control implemented to the daily operations.

EXPENSES AND COSTS

Distribution costs, comprising mainly staff costs, transportation costs and advertising and promotion expenses, increased by approximately 21.0% to approximately HK\$10.97 million for the six months ended 30 June 2024 from approximately HK\$9.07 million for the same period in 2023, which was mainly due to the increase in sales activities and advertisement.

Administrative expenses, consisting primarily of salary and welfare expenses for management and administrative personnel, depreciation and amortisation, professional fees, auditors' remuneration and other administrative expenses, increased by approximately 46.5% to approximately HK\$47.72 million for the six months ended 30 June 2024 from approximately HK\$32.57 million for the same period in 2023, which was mainly due to the increase in professional fees for business development and share-based payment of approximately HK\$5.52 million.

PROFITABILITY

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$10.85 million for the six months ended 30 June 2024, as compared with a profit attributable to equity shareholders of the Company of approximately HK\$3.39 million for the six months ended 30 June 2023. The profit margin attributable to equity shareholders of the Company was approximately 6.76% for the six months ended 30 June 2024.

Management Discussion and Analysis

CONNECTED TRANSACTIONS

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

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

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)服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited*) (“KEE Zhejiang”), an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the “Third Zhejiang Lease Renewal Agreement”) pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the production base in Zhejiang Province at a monthly rental of RMB607,000 payable in cash within the first 10 working days of each month commencing from 16 January 2024 to 31 May 2024 with three months’ rent of RMB1,821,000 as deposit. As Nanhai Jinheming is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Nanhai Jinheming is therefore a connected person of the Company at the subsidiary level.

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

Management Discussion and Analysis

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

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

- (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.

Management Discussion and Analysis

- (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 in items (iv) and (v) above, pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB969,735 payable in cash before the fifteen day of each month commencing from 1 September 2023 with three months’ rent of RMB2,909,205 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB969,735 is fair and reasonable with reference to the market rate.

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 recognised an additional asset representing its right to use the property under the relevant lease agreements of a total of approximately HK\$1 million for the Fourth HK Lease Renewal Agreement and Third Zhejiang 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, respectively.

Management Discussion and Analysis

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 recognized as an enterprise of new and high technology according to the recognition certificate jointly issued by the Science and Technology Department of Guangdong (廣東省科學技術廳), the Finance Department of Guangdong (廣東省財政廳), the State Tax Bureau of Guangdong (廣東省國家稅務局) and the Provincial Tax Bureau of Guangdong (廣東省地方稅務局).

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

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's net cash inflow from operating activities for the six months ended 30 June 2024 amounted to approximately HK\$10.82 million (six months ended 30 June 2023: outflow of HK\$16.55 million). Such increase was mainly attributable to an increase in trade creditors as at 30 June 2024. The Group's net cash outflow from investing activities for the six months ended 30 June 2024 amounted to approximately HK\$17.93 million (six months ended 30 June 2023: HK\$2.91 million). The net cash outflow was mainly attributable to the payment for the purchase of property, plant and equipment. The Group's net cash inflow from financing activities for the six months ended 30 June 2024 amounted to approximately HK\$20.87 million (net cash outflow for the six months ended 30 June 2023: HK\$12.56 million). The cash inflow for the six months ended 30 June 2024 was mainly attributable to proceeds from the placing of shares and proceeds from borrowing.

As at 30 June 2024, cash and cash equivalents amounted to approximately HK\$75.98 million, representing an increase of approximately HK\$12.65 million as compared with the position as at 31 December 2023. Such increase was mainly due to new cash inflow from operation of property management business and additional funds arisen from placing of shares.

As at 30 June 2024, cash and cash equivalents of the Group in the amount of approximately HK\$40.81 million, HK\$32.64 million and HK\$2.42 million were denominated mainly in RMB, HK\$ and USD, respectively. As at 31 December 2023, cash and cash equivalents of the Group in the amount of approximately HK\$32.42 million, HK\$25.23 million and HK\$5.57 million were denominated mainly in RMB, HK\$ and USD, respectively.

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

Management Discussion and Analysis

The Group's strategy is to maintain the adjusted net debt-to-capital ratio (i.e. Borrowing plus total lease liabilities less cash and cash equivalents over total equity) below 20%. As at 30 June 2024, the debt-to-capital ratio was 1.2%. As at 31 December 2023, as the total debt was less than cash and cash equivalents, no adjusted net debt-to-capital ratio was calculated. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Use of proceeds from the Placing in 2022

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 (the "Placing"). As at 30 June 2024, the net proceeds of approximately HK\$11.0 million has been utilised for general working capital and business opportunities and investments. The table below sets out the proposed applications of the net proceeds from the date of completion to 30 June 2024:

Intended use of proceeds	Allocation of proceeds HK\$ million	Utilisation	Utilisation	Unutilised	Expected
		as at 31 December 2023 HK\$ million	as at 30 June 2024 HK\$ million	proceeds as at 30 June 2024 HK\$ million	timeline for full utilisation of the remaining proceeds
For general working capital and business opportunities and investments	68.6	38.6	11.0	19.0	31 December 2024 (Note)
Total	68.6	38.6	11.0	19.0	

Note: The delay in timing for full utilisation of the remaining proceeds was due to the Group utilising other financial resources for general working capital and business opportunities and investments.

GEARING RATIO

The Group's gearing ratio as at 30 June 2024 was 6.5% (as at 30 June 2023: not applicable). Gearing ratio was calculated by dividing total borrowings by total equity as at the end of the respective year and multiplied by 100%.

Management Discussion and Analysis

NET CURRENT ASSETS

As at 30 June 2024, the Group had current assets of approximately HK\$248.39 million. The key components of current assets as at 30 June 2024 included inventories of approximately HK\$42.14 million, trade and other receivables of approximately HK\$130.28 million and cash and cash equivalents of approximately HK\$75.98 million. The key components of current liabilities included trade and other payables of approximately HK\$78.06 million, borrowing of approximately HK\$10.96 million and current portion of lease liabilities of approximately HK\$14.59 million.

The net current assets increased by approximately HK\$15.63 million to HK\$123.31 million as at 30 June 2024 from approximately HK\$107.68 million as at 31 December 2023.

PLEGDED ASSETS

As at 30 June 2024, the Group did not have any pledged assets.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2024.

EMPLOYEES

As at 30 June 2024, the Group had 753 full-time employees (30 June 2023: 663). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2024 were approximately HK\$64.70 million (the six months ended 30 June 2023: approximately HK\$51.05 million). The increase in staff costs is mainly due to the increase in headcount of the workers as a result of human resources integration and the share-based compensation.

Management Discussion and Analysis

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

The Group did not have material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 30 August 2024 (after trading hours), Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司), Mr. Chen Huipeng (陳輝鵬), Mr. Zhang Hongjie (張鴻傑) and Shenzhen Errui Investment Co., Ltd.* (深圳市爾瑞投資有限公司) entered into an agreement, pursuant to which, the parties thereto agreed to extend the management agreement entered into on 30 August 2023 in respect of the management and operation of the Land and Properties (the “Extension Agreement”). Pursuant to the Extension Agreement, the term for the management and operation of the Land and Properties shall be extended for 1 year from 1 September 2024 to 31 August 2025. For further details, please refer to the announcement of the Company dated 30 August 2024.

Save as disclosed in this report, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2024 and up to the date of this report.

Management Discussion and Analysis

SHARE OPTION SCHEME

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

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

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

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

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

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

Management Discussion and Analysis

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

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

As at the date of this report, the total number of the Shares available for issuance upon exercise of all share options granted according to the Share Option Scheme was 55,776,480 Shares (accounting for 10% of the issued share capital of the Company as at the date of this report).

As disclosed in the announcement of the Company dated 27 September 2023, amongst others, 5,577,648 share options were granted to Ms. Cheung Ka Yuen, an executive Director. As further disclosed in the announcement of the Company dated 29 November 2023, resolutions have been passed at the extraordinary general meeting on 29 November 2023 to grant 33,465,888 share options to Mr. Yip Siu Lun Dave (an executive Director and Chairman of the Board) and 16,732,944 share options to Mr. Lin Sunming (chief investment officer of the Company), respectively. As such, an aggregate of 55,776,480 share options have been granted under the Share Option Scheme, representing 10% of the total number of Shares in issue as at the adoption date of the Share Option Scheme. The maximum total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme has been reached as of 29 November 2023. No share options granted were subsequently cancelled for the six months ended 30 June 2024.

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

Management Discussion and Analysis

The movements of the Company's share option outstanding under the Share Option Scheme during the six months ended 30 June 2024 are as follows:

	Date of Grant	Number of options granted	Exercise period	Exercise price HK\$	Share Price immediately prior to the date of grant (HK\$ per Share)	Fair value of Share Option (HK\$ per Share)	Number of options as at 30 June 2024	Number of options lapsed during the six months ended 30 June 2024
Director								
Mr. Yip Siu Lun Dave	29 November 2023	33,465,888	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44	33,465,888	-
Ms. Cheung Ka Yuen	27 September 2023	5,577,648	5 years from 27 September 2023 to 26 September 2028 (both dates inclusive)	1.09	1.05	0.56	5,577,648	-
Senior Management								
Mr. Lin Sunming	29 November 2023	16,732,944	5 years from 29 November 2023 to 28 November 2028 (both dates inclusive)	1.09	0.93	0.44	16,732,944	-

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

Disclosure of Interests

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

As at 30 June 2024, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Nature of Interest	Number of Shares	Approximate Percentage of Interest
Lin Ping (note 1)	Interest in controlled corporation	26,556,126	4.62%
Mak Yung Pan Andrew (note 1)	Interest in controlled corporation	26,556,126	4.62%

Name of Director	Nature of Interest	Number of Underlying Shares	Approximate Percentage of Interest
Yip Siu Lun Dave (note 2)	Beneficial owner	33,465,888	5.83%
Cheung Ka Yuen (note 3)	Beneficial owner	5,577,648	0.97%

Notes:

- Golden Diamond Inc. ("Golden Diamond") is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew and holds long position in 26,556,126 shares of the Company. Accordingly, each of Ms. Lin Ping and Mr. Mak Yung Pan Andrew is deemed to be interested in the 26,556,126 shares of the Company.
- Following the grant of share options on 27 September 2023 and the approval from shareholder in extraordinary general meeting on 29 November 2023, pursuant to the terms of the Scheme, the number of underlying Shares that Mr. Yip Siu Lun Dave is interested is 33,465,888 underlying Shares.
- Following the grant of share options on 27 September 2023, pursuant to the terms of the Scheme, the number of underlying Shares that Ms. Cheung Ka Yuen is interested is 5,577,648 underlying Shares.
- The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 30 June 2024.

Disclosure of Interests

Save as disclosed above, as at 30 June 2024, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2024, the register maintained under section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' and other persons' interests and short positions, representing 5% or more of the Company's issued share capital, were as follows:

Long Position in Shares and Underlying Shares of the Company

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

Disclosure of Interests

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

Disclosure of Interests

Notes:

1. China Sun is wholly-owned by Mr. Qiu Chuanzhi.
2. Central Eagle is 100%-owned by Mr. Wu Jingming.
3. Golden Diamond is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew.
4. Noble Wisdom is wholly-owned by Huarong Overseas.
5. Huarong Overseas is wholly owned by Huarong Overseas Chinese.
6. Huarong Overseas Chinese is 91%-owned by Huarong Zhiyuan.
7. Huarong Zhiyuan is wholly owned by China Huarong Asset Management.
8. Chan Ho Yin and Li Kin Long Kenny have been appointed Joint and Several Receivers over the Charged Assets (as defined in the share charges executed by China Sun Corporation, Central Eagle Limited and Golden Diamond Inc. (as chargors) over shares of the Company in favour of Noble Wisdom Ever Limited (the "Chargee") dated 2 July 2019) on 7 October 2021 pursuant to 3 Deeds of Appointment of Receivers signed by the Chargee dated 7 October 2021.
9. The percentage is calculated on the basis of 574,497,800 shares of the Company in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the Shares, underlying shares or debentures of the Company which was required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which was required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, which competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the six months ended 30 June 2024 and up to and including the date of this interim report.

CHANGES IN DIRECTORS' INFORMATION

The Directors confirm that there was no change in the information of Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the annual report of the Company for the financial year ended 31 December 2023.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2024, all the provisions set out in part 2 of the CG Code were met by the Company except for the following:

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

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND RELEVANT EMPLOYEES

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

The Company made specific enquiries to all Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions throughout the period from 1 January 2024 to 30 June 2024.

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2024.

PLACING OF NEW SHARES UNDER GENERAL MANDATE DURING THE SIX MONTHS ENDED 30 JUNE 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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and as informed by the Placing Agent, (i) the placees and their respective ultimate beneficial owners (if any) are Independent Third Parties; and (ii) none of the placees became a substantial shareholder of the Company upon completion. The placing represents an opportunity to raise additional capital for the Group to strengthen its financial position in order to supplement the capital requirements for the newly

Corporate Governance and Other Information

developed business and achieve stable business performance for its existing business, which is in the interests of the Group and the Shareholders as a whole.

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 places at HK\$1.21 per share.

The placing price of HK\$1.21 (i) is equivalent to the closing price of HK\$1.21 per share as quoted on the Stock Exchange on the date of the placing agreement; and (ii) represents a premium of approximately 1.68% to the average closing price of HK\$1.19 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the placing agreement. The aggregate nominal value of all placing shares amounted to HK\$167,330.

The net proceeds from the placing of approximately HK\$19.89 million (and hence the net issue price was HK\$1.19 per share) 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. The table below sets out the proposed applications of the net proceeds from the date of completion to 30 June 2024:

Intended use of proceeds	Allocation of proceeds HK\$ million	Utilisation as at 30 June 2024 HK\$ million	Unutilised proceeds as at 30 June 2024 HK\$ million	Expected timeline for full utilisation of the remaining proceeds
For general working capital and business opportunities and investments	19.89	0.4	19.49	By 31 March 2026
Total	19.89	0.4	19.49	

AUDIT COMMITTEE

The unaudited interim financial report of the Group for the six months ended 30 June 2024 has been reviewed by the audit committee of the Board.

By order of the Board
Yip Siu Lun Dave
Chairman and executive Director

Hong Kong, 30 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	160,386	123,386
Cost of sales		(71,476)	(80,792)
Gross profit		88,910	42,594
Other revenue and (losses)/gains, net	6(b)	(4,186)	6,383
Distribution costs		(10,971)	(9,070)
Administrative expenses		(47,715)	(32,574)
Interests on lease liabilities		(1,952)	(1,472)
Interests on bank borrowing		(4)	–
Profit before taxation	6	24,082	5,861
Income tax (expense)/credit	7	(13,549)	49
Profit for the period		10,533	5,910
Profit for the period attributable to:			
Equity shareholders of the Company		10,846	3,394
Non-controlling interests		(313)	2,516
Profit for the period		10,533	5,910
Earnings per share attributable to the equity shareholders of the Company (HK cents)			
Basic	8	1.9	0.6
Diluted		1.8	0.6

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit for the period	10,533	5,910
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in the Mainland China	(1,949)	(10,371)
Total comprehensive income for the period	8,584	(4,461)
Attributable to:		
Equity shareholders of the Company	9,146	(5,425)
Non-controlling interests	(562)	964
Total comprehensive income for the period	8,584	(4,461)

The notes on pages 32 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	43,028	32,941
Right-of-use assets		37,238	39,859
Intangible assets		437	614
Prepayments for property, plant and equipment		9,131	2,067
Rental deposits		3,252	3,357
Deferred tax assets		4,641	4,522
		97,727	83,360
Current assets			
Inventories		42,136	27,090
Trade and other receivables	10	130,280	103,750
Time deposit with original maturity over 3 months		–	571
Cash and cash equivalents	11	75,977	63,332
		248,393	194,743
Current liabilities			
Trade and other payables	12	78,060	63,320
Borrowing		10,957	–
Tax payable		21,474	8,191
Lease liabilities		14,593	15,556
		125,084	87,067
Net current assets		123,309	107,676
Total assets less current liabilities		221,036	191,036

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		52,452	56,453
Deferred tax liabilities		1,124	1,124
		53,576	57,577
Net assets			
		167,460	133,459
Capital and reserves			
Share capital	13(b)	5,745	5,578
Reserves		152,196	117,800
Total equity attributable to the equity shareholders of the Company			
		157,941	123,378
Non-controlling interests			
		9,519	10,081
Total equity			
		167,460	133,459

The notes on pages 32 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 – unaudited

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2023	5,578	213,575	18,324	25,856	(515)	(77,905)	184,913	21,502	206,415
Change in equity for the six months ended 30 June 2023:									
Profit for the period	-	-	-	-	-	3,394	3,394	2,516	5,910
Other comprehensive income	-	-	-	-	(8,819)	-	(8,819)	(1,552)	(10,371)
Total comprehensive income	-	-	-	-	(8,819)	3,394	(5,425)	964	(4,461)
Appropriation to statutory reserve	-	-	-	1,805	-	(1,805)	-	-	-
Balance at 30 June 2023	5,578	213,575	18,324	27,661	(9,334)	(76,316)	179,488	22,466	201,954

The notes on pages 32 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 – unaudited

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

The notes on pages 32 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Operating activities			
Cash generated from/(used in) operations		11,022	(16,540)
Tax paid		(203)	(10)
Net cash generated from/(used in) operating activities		10,819	(16,550)
Investing activities			
Payment for the purchase of property, plant and equipment		(19,206)	(3,165)
Proceeds from disposal of property, plant and equipment		565	–
– Receipts of time deposit with original maturity over 3 months		571	–
Other net cash flows arising from investing activities		141	256
Net cash used in investing activities		(17,929)	(2,909)
Financing activities			
Capital element of lease rental paid		(8,020)	(11,091)
Interest element of lease rental paid		(1,952)	(1,472)
– Proceeds from placing of new shares, net of expenses of HK\$354,000		19,892	–
– Proceeds from bank loan		10,953	–
Net cash generated from/(used in) financing activities		20,873	(12,563)
Net increase/(decrease) in cash and cash equivalents		13,763	(32,022)
Cash and cash equivalents at 1 January		63,332	105,266
Effect of foreign exchange rate changes		(1,118)	(5,787)
Cash and cash equivalents at 30 June	11	75,977	67,457

The notes on pages 32 to 50 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1 GENERAL

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

The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to the interim report. The Group, comprising the Company and its subsidiaries, continues to operate the zipper business.

The Company was informed by Mr. Chan Ho Yan (also known as Michael Chan) and Mr. Li Kin Long Kenny of D&P China (HK) Limited (trading as Kroll) (the “Receivers”) on 7 October 2021 that the Receivers were appointed by Noble Wisdom Ever Limited (the “Creditor”), a subsidiary of China Huarong Asset Management Co., Ltd. (Stock code: 2799) (“Huarong”) by three Deeds of Appointment of the Receivers dated 7 October 2021 signed by the Creditor as the joint and several receivers of 341,446,600 shares of the Company (the “Relevant Shares”), of which 125,397,663 shares are beneficially owned by Central Eagle Limited (“Central Eagle”), representing approximately 26.98% of the issued share capital of the Company, 133,706,331 shares are beneficially owned by China Sun Corporation (“China Sun”), representing approximately 28.77% of the issued share capital of the Company and 82,342,606 shares are beneficially owned by Golden Diamond Inc. (“Golden Diamond”), representing approximately 17.71% of the issued share capital of the Company.

As announced by the Company on 9 March 2022 and 23 March 2022, the shareholders of Central Eagle and the Creditor entered into the sale and purchase agreement (the “SP Agreement”) on 9 March 2022 and the completion of SP Agreement took place on 23 March 2022 (the “Completion”). Upon Completion, the Receivers remain interested in 216,048,937 Shares (the “Adjusted Relevant Shares”), representing approximately 46.48% of the total issued share capital of the Company. The Adjusted Relevant Shares represent approximately 46.48% of the issued share capital of the Company as at 30 June 2022.

On 6 January 2023, one of the substantial shareholders, Golden Diamond, appointed KGI Asia Limited to procure purchasers, on a best effort basis, to purchase a total of 55,776,480 shares of the Company being held by Golden Diamond, which represented up to approximately 10% of the total number of shares in issue as at the same date. On 16 January 2023, 55,776,480 shares of the Company were transferred to the purchasers from Golden Diamond. Upon completion of the transfer, the shareholding of the Company held by Golden Diamond decreased to 4.76%.

Notes to the Unaudited Interim Financial Report

1 GENERAL (CONTINUED)

The directors of the Company (the “Directors”) considered that Huarong is and remain to be the controlling shareholder of the Company as at 30 June 2024 and the date of approval of these condensed consolidated interim financial statements.

2 BASIS OF PREPARATION

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

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

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

3 MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are required to be adopted in the 2024 annual financial statements. Details of these changes in accounting policies are set out below.

Notes to the Unaudited Interim Financial Report

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Overview on changes in accounting policies

The HKICPA has issued a number of new HKFRS or amendments to HKFRSs that are first effective or first time adopted and relevant for the current accounting period of the Group:

- (i) Classification of Liabilities as Current or Non-current (Amendment to HKAS 1)
- (ii) Non-current Liabilities with Covenants (Amendment to HKAS 1)

The new or amended HKFRSs that are effective from 1 January 2024 did not have any significant impact on the Group's condensed consolidated interim financial statements.

4 SEGMENT REPORTING

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

Since September 2023, the Group commenced a new business on provision of property management service in the Mainland China and it is considered as a new operating and reportable segment by the chief operating decision maker ("CODM"). As such, the Group reorganised its internal reporting structure which resulted in an additional reportable segment i.e. provision of property management services for the period ended 30 June 2024. 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 chief operating decision-makers for assessment of segment performance.

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

Notes to the Unaudited Interim Financial Report

4. SEGMENT REPORTING (CONTINUED)

a. Business segments

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 June 2024 and 2023 is set out below:

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

Notes to the Unaudited Interim Financial Report

4. SEGMENT REPORTING (CONTINUED)

a. Business segments (Continued)

	Manufacture and sales of zippers HK\$'000
For the period ended 30 June 2023	
Reportable segment revenue	123,386
Reportable segment profit	8,776
Depreciation for the period	15,082
Amortisation for the period	158
Gain on disposal of property, plant and equipment	23
Reportable segment assets at period end	240,347
Additions to non-current segment assets during the period	4,015
Reportable segment liabilities at period end	79,428

Notes to the Unaudited Interim Financial Report

4. SEGMENT REPORTING (CONTINUED)

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

	2024 HK\$'000	2023 HK\$'000
Revenue		
Reportable segment revenue	160,386	123,386
Elimination of inter-segment revenue	–	–
Consolidated revenue (note 5)	160,386	123,386
Profit before income tax		
Reportable segment profit derived from the Group's external customers	47,740	8,776
Other revenue and (losses)/gains, net	(4,186)	6,383
Interests on lease liabilities	(1,952)	(1,472)
Loan interest expenses	(4)	–
Share-based payments	(5,525)	–
Unallocated head office and corporate expenses (note)	(11,991)	(7,826)
Consolidated profit before income tax	24,082	5,861

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

Notes to the Unaudited Interim Financial Report

5 REVENUE

The principal activities of the Group are manufacture and sale of zippers, sliders 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:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<i>Sales of goods</i>		
Finished zippers and sliders	112,753	122,120
Others	2,362	1,266
	115,115	123,386
<i>Services income</i>		
Property management fee income	45,271	–
	160,386	123,386

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

6 PROFIT BEFORE TAXATION

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

a. Staff costs

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Salaries, wages and other benefits	54,199	46,101
Contributions to defined contribution retirement plans	4,976	4,950
Share-based compensation	5,525	–
	64,700	51,051

Notes to the Unaudited Interim Financial Report

6 PROFIT BEFORE TAXATION (CONTINUED)

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest income	141	256
(Losses)/gains on disposal of property, plant and equipment	(5,783)	23
Government grants	158	543
Net foreign exchange gains	991	4,897
Others	307	664
	(4,186)	6,383

Note: For the six months ended 30 June 2024, government grants of Nil (2023: HK\$543,000) granted to certain subsidiaries were VAT tax incentives to enterprises recruiting key groups for employment which include handicapped people or people classified as poverty group in China.

c. Other items

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Depreciation and amortisation*		
– plant and equipment	6,012	5,838
– intangible assets	173	158
– right-of-use assets	5,895	10,000
	12,080	15,996
Provision for impairment losses on inventories	1,980	1,363
Cost of services provided	1,168	–
Cost of inventories*	70,309	80,792

* Cost of services provided and cost of inventories includes HKD937,000 (2023: Nil) and HK\$36,551,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$41,990,000) relating to staff costs and depreciation and amortisation expenses which amounts are also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

Notes to the Unaudited Interim Financial Report

7 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax – PRC corporate income tax	13,699	10
Deferred taxation	(150)	(59)
	13,549	(49)

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI. Under the two tiered profits tax rates regime, KEE Zippers Corporation Limited (“KEE Zippers”) is subject to Hong Kong Profits Tax at 8.25% for the first HK\$2 million of profit whilst the remaining profit is taxed at 16.5%.
- (b) 開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited) (“KEE Guangdong”) was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2025. Except for KEE Guangdong, the statutory income tax rate applicable to the Company’s other subsidiaries in Mainland China was 25%.
- (c) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 30 June 2024, deferred tax liability recognised in this regard was HK\$1,124,000 (31 December 2023: HK\$1,124,000).

Notes to the Unaudited Interim Financial Report

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024. Diluted earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares in issue during the six months ended 30 June 2024. The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	10,846	3,394

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	572,842,888	557,764,800
Effect of dilutive potential ordinary shares on share options	15,513,355	–
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	588,356,243	557,764,800

Notes to the Unaudited Interim Financial Report

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and machinery (including payments for construction in progress) with a cost of approximately HK\$22,643,000 (six months ended 30 June 2023: approximately HK\$4,016,000).

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 1 month	24,666	28,656
Over 1 month but within 2 months	27,577	17,896
Over 2 months but within 3 months	14,346	6,844
Over 3 months	9,014	10,824
Trade debtors and bills receivable, net of loss allowance	75,603	64,220
Unbilled receivables	49,258	34,608
Rental deposits	2,069	3,011
Other prepayments	2,446	1,691
Other debtors	904	220
	130,280	103,750

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

The Group recognised impairment loss based on the same accounting policies adopted in the 2023 annual financial statements.

Notes to the Unaudited Interim Financial Report

11 CASH AND CASH EQUIVALENTS

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Cash at bank and in hand	75,977	63,332
Cash and cash equivalents in the condensed consolidated statement of cash flows	75,977	63,332

12 TRADE AND OTHER PAYABLES

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

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 1 month	16,881	11,794
Over 1 month but within 3 months	–	156
Over 3 months but within 6 months	–	25
Over 6 months	153	19
Trade creditors	17,034	11,994
Payroll and staff benefits payable	26,551	29,390
Accrued expenses	11,355	13,553
Payables for purchase of property, plant and equipment	10,630	129
Other tax payables	5,973	4,592
Contract liabilities	1,509	1,351
Compensation received	1,408	1,418
Other payables	1,409	893
Deposit received	2,191	–
	78,060	63,320

Notes to the Unaudited Interim Financial Report

13 CAPITAL, RESERVES AND DIVIDENDS

a. Dividends

No interim dividend was declared in respect of the periods ended 30 June 2024 and 2023.

b. Share capital

Authorised and issued share capital

	At 30 June 2024		At 31 December 2023	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Authorised: Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000
Ordinary shares, issued and fully paid:	574,498	5,745	557,765	5,578

14 COMMITMENTS

Capital commitments outstanding at 30 June 2024 and 31 December 2023 not provided for in the condensed consolidated interim financial statements were as follows:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Contracted for	8,013	1,119

Notes to the Unaudited Interim Financial Report

15 MATERIAL RELATED PARTY TRANSACTIONS

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

a. Transactions

- (i) KEE Guangdong renewed a lease agreement which expired on 31 December 2022 for a term of two years ending 31 December 2024 in respect of certain leasehold land and buildings entered into with Mr. Xu Xipeng and Mr. Xu Xinan, the senior management of the Group. During the six months ended 30 June 2024, the rentals paid (VAT included) by the Group under this lease agreement amounted to HK\$2,833,000 (RMB2,574,000 equivalent) (six months ended 30 June 2023: HK\$2,912,000 (RMB2,574,000 equivalent)).
- (ii) Since the disposals of certain leasehold land and buildings during the year ended 31 December 2016, the Group has agreed to leaseback those assets from Classic Winner Limited (“Classic Winner”) and Foshan City Nanhai Jinheming Investment Company Limited (“Nanhai Jinheming”) which are owned by Mr. Xu Xipeng and Mr. Xu Xinan. These two lease agreements were renewed again on 16 January 2024. The rentals paid by the Group to Classic Winner and Nanhai Jinheming for the six months ended 30 June 2024 amounted to HK\$342,600 and HK\$3,341,000 (RMB3,035,000 equivalent) (VAT included) (six months ended 30 June 2023: HK\$324,000 and HK\$4,249,000 (RMB3,756,000 equivalent)) respectively.
- (iii) On 31 August 2023, KEE Jingmen as lessor and KEE Hubei as lessee entered into a lease agreement for leasehold land and buildings for a term of 6 years from 1 September 2023 to 31 August 2029 which replaced the leases expired on 31 August 2023 as mentioned in note 28(a)(iii) and (iv). During the six months ended 30 June 2024, the lease payment paid (VAT included) by the Group under this lease agreement amounted to HK\$6,405,000 (RMB5,818,000 equivalent) (six months ended 30 June 2023: Nil).

Notes to the Unaudited Interim Financial Report

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

b. Key management personal compensation

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Short-term employee benefits	6,463	3,779
Retirement scheme contribution	46	46
Share-based compensation	5,525	–
	12,034	3,825

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

16 EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this report, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2024 and up to the date of approval of these condensed consolidated interim financial statements.

17 EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

Notes to the Unaudited Interim Financial Report

17 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

Vesting period and exercise period of share options:

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

Notes to the Unaudited Interim Financial Report

17 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

Name of grantee	Number of share options (Collectively "Options I")	Vesting and exercise period
Mr. Yip	11,155,296	Options I will be vested and exercisable from the expiry of 12 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin).
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	

If the Performance Target 2023 (as defined below) is not met on or before 30 April 2024, Options I (together with Options II (as defined below)) will be vested and exercisable after 30 April 2025 on the condition that the Performance Target 2024 (as defined below) is met.

Name of grantee	Number of share options (Collectively "Options II")	Vesting and exercise period
Mr. Yip	11,155,296	Options II will be vested and exercisable from the expiry of 24 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin).
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	

If the Performance Target 2024 is not met on or before 30 April 2025, Options II (together with Options I, if not vested) will be vested and exercisable after 30 April 2026 on the condition that the Performance Target 2025 (as defined below) is met.

Notes to the Unaudited Interim Financial Report

17 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

Name of grantee	Number of share options (Collectively "Options III")	Vesting and exercise period
Mr. Yip	11,155,296	Options III will be vested and exercisable from the expiry of 36 months of the date of grant up to the end of the validity period of 26 September 2028 (for Ms. Cheung) or 28 November 2028 (for Mr. Yip and Mr. Lin).
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	

If the Performance Target 2025 (as defined below) is met on or before 30 April 2026, Options III (together with Options I and Options II, if not vested) will be vested and exercisable after 30 April 2026. However, if the 2025 Performance Target is not met on or before 30 April 2026, Options III (together with the Options I and Options II, if not vested) will automatically lapse.

Performance target:

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

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

* Before recognition of share-based payments

Glossary

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

“Board”	means	the board of Directors
“CG Code”	means	code on corporate governance practices as set out in Appendix C1 to the Listing Rules
“Company”	means	Gilston Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010 and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	means	the director(s) of the Company
“Group”	means	the Company and its subsidiaries
“HK\$” and “HK cents”	means	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Model Code”	means	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“OEM”	means	original equipment manufacturer or manufacturing
“PRC” or “China” or “Mainland China”	means	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means	Renminbi, the lawful currency of the PRC

Glossary

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

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