晶苑國際集團有限公司*
CRYSTAL INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

Stock code : 2232

2024

CRYSTAL INTERNATIONAL ANNUAL REPORT

* For identification purposes only

About Crystal International Group Limited

Crystal International Group Limited is a global leader and sustainability pioneer in the apparel manufacturing industry. Founded in 1970 and headquartered in Hong Kong, Crystal possesses a leading position in a diversified product portfolio categorised into five product segments with vertical development in fabrics production: Lifestyle wear, Sportswear and outdoor apparel, Denim, Intimate and Sweater. The Group operates a multi-country manufacturing platform, with production facilities including both garment factories and fabric mills spanning five countries: Vietnam, China, Cambodia, Bangladesh and Sri Lanka.

Mission

To be the most profitable company in the industry, customer choice and employee choice.

Corporate Values

- **Integrity**
- **Respect for people**
- **Embrace innovation**
- **Energise others**
- **Delight our customers**
- **Live quality**
- **Deliver bottom line results**
- **Boundaryless enterprise**

Multi-country Network of Production Facilities

Vietnam　China　Cambodia　Bangladesh　Sri Lanka

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LO Lok Fung Kenneth *(Chairman)*
Mrs. LO CHOY Yuk Ching Yvonne *(Vice Chairman)*
Mr. LO Ching Leung Andrew
(Vice Chairman and Chief Executive Officer)
Mr. WONG Sing Wah
Mr. LO Howard Ching Ho

Non-executive Directors

Mr. WONG Chi Fai
Mr. LEE Kean Phi Mark

Independent Non-executive Directors

Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes, MH, JP

BOARD COMMITTEES

Audit Committee

Mr. CHANG George Ka Ki *(Chairman)*
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes

Remuneration Committee

Mr. MAK Wing Sum Alvin *(Chairman)*
Mr. CHANG George Ka Ki
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes
Mr. LO Lok Fung Kenneth

Nomination Committee

Mr. LO Lok Fung Kenneth *(Chairman)*
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee

People Committee

Mr. LO Ching Leung Andrew *(Chairman)*
Mrs. MAK TANG Pik Yee Agnes
Mr. WONG Siu Kee

Sustainability Committee

Mr. LO Ching Leung Andrew *(Chairman)*
Mr. WONG Chi Fai
Mr. LEE Kean Phi Mark

AUTHORISED REPRESENTATIVES

Mr. LO Ching Leung Andrew
Mr. NG Tsz Yeung

COMPANY SECRETARY

Mr. NG Tsz Yeung

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon, Hong Kong

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Grand Cayman, KY1-1104
Cayman Islands

HONG KONG SHARE REGISTRAR

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Wanchai, Hong Kong
Tel: +852 2862 8555
Fax: +852 2865 0990
Website: www.computershare.com/hk/contact

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
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Boundary Hill, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

LEGAL ADVISERS

Simpson Thacher & Bartlett
Maples and Calder (Hong Kong) LLP

COMPANY WEBSITE

www.crystalgroup.com

INVESTOR RELATIONS

ir@crystalgroup.com

STOCK CODE

2232

Financial Highlights

The financial figures are presented in United States Dollars ("**US$**").

	For the year ended 31 December	
	2024	2023
Key Financial Information (US$'000)		
Revenue	**2,469,629**	2,177,329
Cost of sales	**1,983,406**	1,759,548
Gross profit	**486,223**	417,781
Profit for the year	**200,828**	164,122
Key Financial Ratios		
Gross profit margin (%)	**19.7%**	19.2%
Net profit margin (%)	**8.1%**	7.5%

	At 31 December	
	2024	2023
Key Financial Information (US$'000)		
Total assets	**2,254,453**	1,974,562
Total liabilities	**719,007**	535,660
Total equity	**1,535,446**	1,438,902
Net debt (note a)	**–**	–
Bank balances and cash	**426,715**	543,444
Key Financial Ratios		
Net debt to equity ratio (%) (note b)	**–**	–
Cash conversion cycle (days) (note c)	**71**	69

Notes:

(a) Net debt represents total interest-bearing bank borrowings less short-term bank deposit and bank balances and cash.

(b) Net debt to equity ratio represents total interest-bearing bank borrowings less short-term bank deposit and bank balances and cash, divided by total equity.

(c) Cash conversion cycle represents inventory turnover days plus trade and bills receivables turnover days, less trade and bills payables turnover days.

Chairman's Statement

To our Shareholders,

On behalf of the Board of Crystal International Group Limited, I am pleased to present the annual results of the Group for the year ended 31 December 2024.

2024 was a landmark year for Crystal International, achieving record high profits after tax. This financial success reflects the effective execution of our strategic initiatives and the unwavering commitment of our team. Furthermore, we enhanced our profits after tax percentage, a testament to our improved operational efficiencies and robust financial management.

Under the strategic leadership of our CEO, Mr. Andrew LO, we have achieved significant success, as evidenced by the improvement in our profits after tax percentage and factory profitability. This accomplishment highlights the effective execution by our management at all levels in delivering the Group's strategies. Our team has successfully enhanced profitability, optimised capacity, and improved operational efficiency, demonstrating a strong alignment with our strategic objectives. This success underscores the robust implementation of our initiatives, which have positioned us well for sustained growth and operational excellence.

A significant driver of our enhanced efficiency is our ongoing commitment to digital transformation. We have made substantial progress in integrating digital solutions across our value chain, leveraging enhanced automation, standardisation and vertical integration to optimise processes and increase productivity. This includes adopting innovative working methods and artificial intelligence to refine our governance, strategy, and policy and then enhance efficiency.

Recognising the evolving global landscape, we have proactively addressed the uncertainty surrounding tariffs and policy risks, particularly those stemming from the new US Administration, by exploring diverse opportunities worldwide to mitigate potential impacts.

Our commitment to sustainability is integral to our business strategy. In 2024, we further advanced our sustainability initiatives, focusing on minimising our environmental footprint and promoting responsible practices throughout our supply chain. We are also working to standardise data collection related to sustainability, ensuring the quality and reliability of our reporting.

The Group has been in full swing to advance towards the set goals of Crystal Sustainability Vision 2030 ("**CSV2030**"), which was launched in 2023. During the reporting year, we formulated an action agenda to propel our progresses towards CSV2030. Referencing the United Nations Sustainable Development Goals, CSV2030 consists of relevant goals associated with eight impact areas across environmental, people and community dimensions. We have engaged with both internal and external stakeholders, who have affirmed and supported our vision and efforts. While tree planting continues to be one of our environmental foci, we carried on the momentum of our accomplishments by setting new tree planting target, which is to plant 2 million trees globally by 2030.

The Group continued to pay utmost effort in achieving net zero, making notable and gratifying progress in energy productivity enhancement, energy efficiency and rooftop solar photovoltaic ("**PV**"), in line with our strategies of company-wide Net Zero Roadmap. In 2024, we installed 8MW of solar PV capacity in Bangladesh, Sri Lanka and China, expanding its total PV capacity to 20MW. In particular, rooftop solar PV has been installed in all facilities in Sri Lanka, with operations mostly powered by solar PV and renewable electricity redirected to the local grid via feed-in tariffs. In addition, the Group has completed around 120 energy efficiency measures among over 200 planned measures, with an estimated carbon reduction of 32,000 tonnes. Meanwhile, employee care remains our priority, with comprehensive wellness programmes, such as organising Clear Vision Workplace programme to free employees from the blurry vision they had long endured. I welcome you all to peruse our Sustainability Report 2024 for details of our achievements.

We understand that strong corporate governance is crucial for long-term value creation. Our Board comprises elites and talents with diversified backgrounds and portfolios, enriching our discussions, balancing our decisions, and ensuring holistic consideration when setting long-term strategies for the sustainable growth of the Group. In line with our commitment to ensuring a smooth succession and stable leadership transition, we are pleased to announce that Mr. Andrew LO, our CEO and Executive Director, has been appointed as Vice Chairman of the Board, effective January 2025. This strategic appointment not only recognises Andrew's exceptional leadership and contributions to the Group but also enhances his role and responsibilities within the Board. By assuming this additional leadership position, Andrew will play a pivotal role in ensuring a seamless transition and effective succession planning for the Group, thereby safeguarding the continuity of our strategic vision and operational excellence. This year, we reorganised our Board committees to enhance board efficiency and oversight. Additionally, we established a People Committee to oversee people-related risks and strategies, including succession planning, ensuring we have the talent and leadership necessary to achieve our strategic objectives.

I extend my sincere gratitude to our shareholders, customers, partners, and employees for their continued support and dedication. Looking forward, our Group is well-prepared to build upon our achievements and deliver sustainable value in the years to come. We are committed to transparency, trust, and engagement with all stakeholders. The foundation we have built positions us to navigate future challenges and seize emerging opportunities. Together, with the unwavering support of our stakeholders, we are confident in our ability to continue driving growth, creating value, and making a positive impact on the world. Thank you for your trust and partnership as we embark on the next chapter of our journey.

Yours sincerely,

LO Lok Fung Kenneth
Chairman
Crystal International Group Limited

Hong Kong, 20 March 2025

Management Discussion and Analysis

MARKET OVERVIEW

The garment manufacturing industry is positioned to capitalise on favourable growth opportunities in 2024, propelled by the resilient sales performance of brand customers and the gradual recovery in their procurement. This has intensified demand for production across the garment manufacturing industry.

Amid stable global economic growth, apparel imports in key developed countries have seen stable recovery. Data from the International Trade Administration of the USA, the Statistical Office of the European Union and the National Statistics Center of Japan indicate that the quantity of apparel imported by the USA, the European Union and Japan increased by 6%, 9% and 3% year on year, respectively. Brand customers with globally diversified sales networks have been the primary beneficiaries of the overall growth in apparel demand and have maintained resilient sales momentum.

Garment manufacturing industry dynamics in 2023 were dominated by brand customers' efforts to reduce excess inventory. High inventory levels prompted them to implement aggressive procurement cuts to recalibrate their stock positions. By 2024, most core brand customers of the Group had successfully streamlined their inventories to optimal levels, rendering destocking strategies unnecessary. Additionally, a resurgence in end consumer demand for trending and innovative products drove brand customers to place additional chase orders, which led to a further increase in demand for garment production.

BUSINESS REVIEW

Benefiting from a favourable operating environment, the Group achieved strong growth, driven by increased penetration with brand customers and strategic capacity expansion initiatives.

The Group strengthened collaboration with its top customers and sportswear brand customers by raising the share of its existing product lines and successfully onboarding new product categories. Furthermore, the Group obtained certification for multiple types of upstream fabrics from brand customers. Through vertical integration, the Group was able to address a wider range of production demand and solidify its long-term partnerships with brand customers.

Capacity expansion has been a cornerstone for the Group to capitalise on market opportunities. Given the labour-intensive nature of the garment manufacturing industry, output is closely tied to workforce size. After hiring 5,000 employees in the first half of the year, the Group continued to expand its workforce by hiring another 5,000 employees in the second half of the year, bringing the total number of employees to around 75,000 at the end of 2024, compared to about 65,000 at the end of 2023. Achieving such rapid capacity growth while maintaining high operation efficiency was no small feat. This success was attributed to the unwavering dedication and perseverance of the Group's management teams at all levels, enabling the Group to meet escalating customer demand and fulfil additional chase orders.

The Group's revenue for the year ended 31 December 2024 increased by 13% to US$2,470 million (2023: US$2,177 million).

The Group's continuous investment in automation and the leadership of its experienced management team effectively mitigated initial efficiency challenges caused by the influx of new employees. These efforts ensured optimal production efficiency, driving the gross profit margin up to 19.7% (2023: 19.2%). The net profit margin increased along with the improvement in the gross profit margin. The net profit margin expanded to 8.1% (2023: 7.5%).

The Group's net profit for the year ended 31 December 2024 increased by 22% to US$201 million (2023: US$164 million).

Upholding the practice of sharing its operation results with shareholders, the Board has resolved to propose a final dividend of HK19.0 cents per ordinary share (2023: HK13.0 cents).

2025 marks the 55th anniversary of the Group's foundation in 1970. In view of the strong cash position at 31 December 2024, the Board has resolved to propose a special dividend of HK5.5 cents per ordinary share. Altogether, total dividend per ordinary share for the year would amount to HK38.3 cents (2023: HK18.0 cents).

During the reporting period, capital expenditure totaled US$160 million, approximately 60% of which was allocated to enhance garment production capacity and the remaining to support upstream fabric business development. Construction commenced on the Group's self-built fabric factory in northern Vietnam towards the end of 2024.

Following the release of its Crystal Sustainability Vision 2030 ("**CSV2030**") in 2023, the Group devised an action agenda and put an unwavering focus on progressing towards CSV2030, which consists of relevant goals associated with eight impact areas across the environmental, people and community dimensions, in alignment with the United Nations Sustainable Development Goals.

To ramp up its net zero efforts, the Group installed 8MW of solar photovoltaic ("**PV**") capacity in Bangladesh, Sri Lanka and China in 2024, expanding its total PV capacity to 20MW. In addition, the Group has planned over 200 energy efficiency measures, about 120 of which were completed by the end of the financial year, resulting in an estimated carbon reduction of 32,000 tonnes.

The Group received notable recognition for its sustainability achievements. The Group was honored to receive the Outstanding Company Award in the Ernst & Young's Sustainability Excellence Awards 2024, and the Outstanding ESG Award and Best in ESG Practices Award in Television Broadcasts Limited's ESG Awards 2024. The Group also won the Carbon Neutral Grand Award in the Hong Kong ESG Reporting Awards 2024, along with commendations for the Best ESG Report – Mid-cap, the Excellence in Environmental Positive Impact, and the Excellence in Social Positive Impact.

FINANCIAL REVIEW

Revenue

The Group's revenue for 2024 compared to 2023, by product category, each expressed as an absolute amount and as a percentage of total revenue was:

	For the year ended 31 December			
	2024		2023	
	US$'000	%	US$'000	%
Lifestyle wear	**694,237**	**28.1%**	607,618	27.9%
Sportswear and outdoor apparel	**554,603**	**22.5%**	477,521	21.9%
Denim	**518,920**	**21.0%**	473,181	21.7%
Intimate	**434,782**	**17.6%**	396,359	18.2%
Sweater	**267,087**	**10.8%**	222,650	10.3%
Total Revenue	**2,469,629**	**100.0%**	2,177,329	100.0%

With resilient sales momentum of our brand customers in 2024, our order demand has increased. As such, the Group's revenue increased by 13.4% compared to 2023.

The Group's sales analysed by geographic region based on port of discharge were:

	For the year ended 31 December			
	2024		2023	
	US$'000	%	US$'000	%
Asia Pacific (note a)	**982,088**	**39.8%**	877,298	40.3%
North America	**942,461**	**38.2%**	843,110	38.7%
Europe (note b)	**480,265**	**19.4%**	386,039	17.7%
Other countries/regions	**64,815**	**2.6%**	70,882	3.3%
Total Revenue	**2,469,629**	**100.0%**	2,177,329	100.0%

Notes:

(a) Asia Pacific primarily includes Japan, the PRC and South Korea.

(b) Europe mainly includes the U.K., France, Germany, and the Netherlands.

Gross Profit and Gross Profit Margin

	For the year ended 31 December			
	2024		2023	
	Gross Profit US$'000	Gross Profit Margin %	Gross Profit US$'000	Gross Profit Margin %
Lifestyle wear	**134,591**	**19.4%**	116,978	19.3%
Sportswear and outdoor apparel	**114,490**	**20.6%**	96,182	20.1%
Denim	**85,047**	**16.4%**	76,001	16.1%
Intimate	**90,473**	**20.8%**	81,310	20.5%
Sweater	**61,622**	**23.1%**	47,310	21.2%
Total Gross Profit	**486,223**	**19.7%**	417,781	19.2%

For Sweater, the increase in gross profit margin was mainly due to improvement in operating leverage and production efficiency. Performance sweaters for sportswear customers continued to deliver a promising gross margin.

Other Expenses and Finance Costs

Selling and distribution expenses remained stable at 1.6% in 2024, compared with 1.2% in 2023.

Administrative, research and development expenses, and other income decreased to 7.4% of revenue in 2024 compared with 8.5% in 2023, reflecting the cost-saving initiatives taken by the Group.

The effective borrowing rate for the Group in 2024 ranged from 4.61% to 6.65% compared to 3.12% to 6.96% in 2023. The Group had no fixed-rate borrowings at 31 December 2024. Finance costs amounted to 0.5% of revenue in 2024 compared to 0.6% in 2023.

Net Profit

With improvement in the gross profit margin, the Group achieved a net profit of US$201 million for the year ended 31 December 2024. Net profit as a percentage of revenue increased from 7.5% in 2023 to 8.1% in 2024.

Capital Management

The consolidated financial position of the Group remained sound throughout the year. The positive operating cash flow of US$106 million (2023: US$313 million) contributed to cash and cash equivalents of US$427 million at 31 December 2024, compared to US$543 million at 31 December 2023. The decrease in operating cash flow mainly comes from increase in trade receivables. The Group used less factoring arrangement for low risk customers, leading to a decrease in finance cost. Cash and cash equivalents were mainly denominated in HK$ and US$. Bank borrowings, mainly denominated in HK$ and US$, have increased from US$64 million at 31 December 2023 to US$147 million at 31 December 2024. All bank borrowings of US$147 million at 31 December 2024 contained a repayable on demand clause and US$147 million was repayable within one year.

The Group held a positive net cash position of US$427 million at 31 December 2024. The gearing ratio (total interest-bearing bank borrowings, less bank balances and cash, divided by total equity) at 31 December 2024 was nil (31 December 2023: nil).

Our conversion cycle has remained healthy and stable at 71 days in 2024, compared to 69 days in 2023. With less factoring arrangement for low risk customers, turnover of trade and bills receivables averaged 52 days in 2024, compared with 41 days average turnover throughout 2023. Inventory turnover averaged 48 days in 2024, compared with 54 days throughout 2023. Trade and bills payables turnover averaged 29 days in 2024 compared to 26 days throughout 2023.

Capital expenditure incurred, in the main, for the building, equipping and upgrading of production facilities, has been carefully managed. In 2024, capital expenditure amounted to US$160 million, compared to US$69 million in 2023. Capital commitments at 31 December 2024 were US$52 million compared to US$34 million at 31 December 2023.

Foreign currency exchange contracts are used to manage foreign currency exposure. The Group's policy is to monitor its foreign currency exposure and use foreign currency exchange contracts, as appropriate, to minimise its foreign currency risks.

Funding and Treasury Policy

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Pledge of Assets

At 31 December 2024, pledge of assets of the Group are set out in note 34 to the condensed consolidated financial statements.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2024, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

Significant Investment Held

For the year ended 31 December 2024, the Group held no significant investments.

Material Acquisitions and Future Plans for Major Investment

The Group continues to invest in vertical upstream integration. The Group did not have other future plans for major investments or acquisition for major capital assets at the date of this annual report.

Contingent Liabilities

At 31 December 2024, the Group had no material contingent liability (31 December 2023: Nil).

Subsequent Events after the Reporting Period

At the date of this annual report, no material event has occurred after the reporting period.

EMPLOYMENT, TRAINING AND DEVELOPMENT

The Group employed around 75,000 people at 31 December 2024. Total staff costs, including administrative and management staff, for the year ended 31 December 2024 equated to 24.1% of revenue, compared with 23.7% in 2023. The Group remunerates its staff according to their performance, qualifications, and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive discretionary bonuses and monetary rewards based on their ratings in the annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of its employees, such as ongoing opportunities for training to enhance their technical and product knowledge, as well as their knowledge of industry quality standards. Each new employee of the Group is required to attend an introductory course, and various types of training courses are available to all employees of the Group.

OUTLOOK AND PROSPECTS

Entering 2025, the Group made a strong start. It is confident in achieving ideal performance breakthroughs for the year.

The Group's core customers comprise leading apparel brands with substantial market influence. Growing alongside these key customers and continuously enhancing its penetration will remain the drivers of the Group's development.

The Group's brand customers have demonstrated exceptional business development capabilities in recent decades. With their global presence, they have the flexibility to mitigate the impact of regional economic and consumption fluctuations. The Group expects to gain more organic growth opportunities from the resilient business expansion of these brand customers.

The current market trend requires apparel brands to respond swiftly to market feedback and offer more choices. As a result, there is a growing preference for garment manufacturers that offer efficient replenishment and flexible production capabilities, so less competitive manufacturers may exit the market. With its comprehensive production portfolio, high operation efficiency, and leading research and development capabilities, the Group is well-positioned to capitalise on this shift.

Through its co-creation model, the Group collaborates closely with brand customers to explore new product categories. Additionally, vertical integration has enhanced production flexibility, enabling the Group to meet diverse customer needs. In 2025, the Group will focus on sportswear, lifestyle wear and intimate, and deepen collaboration with key brand customers.

The Group is poised to have sufficient production capacity in 2025 to accommodate growing order volume. The capacity expansion initiated in mid-2024 is expected to result in a full year of high-efficiency production in 2025.

Driven by economies of scale resulting from anticipated revenue growth, the Group's profitability is expected to continue to improve. The Group remains unwavering in its commitment to maintaining rigorous cost control, optimising resource allocation, and maximising its talent potential. By streamlining selling, general and administrative expenses and other operational expenses, the Group aims to achieve a growth rate in net profit that outpaces the growth rate of revenue.

Capital expenditure plans for 2025 are similar to those in 2024, focusing on upgrading automation equipment, expanding garment production capacity, and developing fabric factories. The Group's robust cash flow ensures its ability to fund these initiatives while maintaining solid dividend payouts. To uphold its commitment to shareholders, the Group will continue to share the results of its operational success. The Group has consistently aimed to provide shareholders with stable and growing returns through dividends. Based on the Group's projected cash flow position in the foreseeable future, there is room to enhance the dividend payout. With the objective of improving shareholder returns, the Group will actively review its dividend distribution framework on an annual basis to ensure alignment with its financial strength and long-term growth objectives.

Directors and Senior Management

DIRECTORS

At 20 March 2025, the Board consisted of 11 Directors, comprising five Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. The functions and duties of the Board include convening general meetings, implementing the resolutions passed at general meetings, determining strategies, business and investment plans, formulating the annual financial budget, reviewing and approving financial accounts and formulating proposals for profit distributions as well as exercising other powers, functions and duties, as conferred by the Articles of Association.

Executive Directors

Mr. LO Lok Fung Kenneth (羅樂風), aged 86, is the Chairman of the Board and an Executive Director. He is also the chairman of the Nomination Committee of the Company and a member of the Remuneration Committee of the Company. He co-founded the Group with Mrs. Yvonne LO in 1970. Mr. Kenneth LO has been a director of the Company since its establishment in January 1993. With over 60 years of experience in the apparel manufacturing industry, he has been instrumental in developing the Group into a world leader. Mr. Kenneth LO stepped down as the Chief Executive Officer in December 2007. As Chairman, he has assumed the role of strategic thinker and change driver – he devotes his time to anticipating and identifying opportunities and risks in the industry and how they may have an impact on the Group's business. In addition, Mr. Kenneth LO is committed to developing and driving the corporate culture, business ethics and sustainability, which are memorialised in his book "For The Greater Good – Becoming The World's No. 1 Apparel Maker", published in 2016.

Mr. Kenneth LO received the Businessperson of the Year award of the DHL and South China Morning Post Hong Kong Business Awards in 2021 that recognised his outstanding achievements in environmental, social and governance, entrepreneurship and good corporate governance in dealing with challenges arising from the COVID-19 pandemic. He received the Industrialist of the Year Award of the Federation of Hong Kong Industries in 2012 for his contribution to industrial development and to society. He won the Ernst Young Entrepreneur of the Year China Award (Hong Kong/Macau Region) in 2014 and the DHL and South China Morning Post Hong Kong Business Award (Owner-Operator Category) in 2016.

Mr. Kenneth LO is currently an honorary fellow of the Vocational Training Council in Hong Kong, as well as a guest professor at Yunnan University (雲南大學). He is also the honorary chairman of the CEO Club of The Hong Kong Polytechnic University, a fellow of The Hong Kong Management Association, the honorary president and a committee member of the Hong Kong Woollen & Synthetic Knitting Manufacturers' Association, Limited. In addition, Mr. Kenneth LO involves in charity work and environmental protection. He has been a director and chairman of the Windshield Charitable Foundation (宏施慈善基金) since November 2001, a director of World Green Organisation Limited since May 2013 and an honorary advisor to the Agency for Volunteer Service since September 2018. Mr. Kenneth LO is the founder of Crystal Climate Charity Foundation ("**CCCF**") and has served as the chairman since its establishment in November 2022. CCCF is a charitable trust committed to promoting education on climate change as well as to relieving poverty due to climate change in Hong Kong and the operating countries of the Group, including but not limited to Bangladesh, Cambodia, Mainland China, Sri Lanka and Vietnam.

Mr. Kenneth LO is the husband of Mrs. Yvonne LO (the Vice Chairman and an Executive Director), and father of Mr. Andrew LO (the Vice Chairman, an Executive Director and the Chief Executive Officer) and Mr. Howard LO (an Executive Director and a senior vice president).

Mrs. LO CHOY Yuk Ching Yvonne (羅蔡玉清), aged 80, is the Vice Chairman of the Board and an Executive Director. She co-founded the Group with Mr. Kenneth LO in 1970. She has been a director of the Company since its establishment in January 1993. Since the Group's establishment, Mrs. Yvonne LO has overseen the finance and administrative functions and has over 50 years of business management experience.

Apart from business management, Mrs. Yvonne LO has also devoted herself to charity and social work. She established the Yuk Ching Charity Trust (玉清慈善基金) (now known as The Incorporated Trustees of Yuk Ching Charity Trust), which aims to help the education of students by, among other activities, providing financial support, and has been its donor and trustee since October 2004, and chairman since 2005. Since February 2017, Mrs. Yvonne LO has been the Honorary Chairperson of The Hong Kong Federation of Women (香港各界婦女聯合協進會).

Mrs. Yvonne LO is the wife of Mr. Kenneth LO (the Chairman and an Executive Director) and mother of Mr. Andrew LO (the Vice Chairman, an Executive Director and the Chief Executive Officer) and Mr. Howard LO (an executive director and a senior vice president).

Mr. LO Ching Leung Andrew (羅正亮), aged 59, is the Vice Chairman of the Board, the Chief Executive Officer of the Group and an Executive Director. He has been an Executive Director since March 1994. With around 30 years of experience in the apparel manufacturing industry, Mr. Andrew LO is now primarily responsible for formulating and overseeing the overall development strategies and operations of the Group. He first joined the Group in 1988, starting in the production department of the sweater division and has since risen through the ranks. He served as Deputy Chief Executive Officer of the Group from 2003 to 2007, and was promoted to the Chief Executive Officer of the Group in 2008. He is also the chairman of each of the Sustainability Committee and the People Committee of the Company and was appointed the Vice Chairman of the Board with effect from 1 January 2025.

Mr. Andrew LO served as a softgoods sub-committee member of The Hong Kong Exporters' Association from 2003 to 2007, as well as a director of the Hong Kong Research Institute of Textiles and Apparel from 2010 to 2016. He was a director of the Textile Council of Hong Kong Limited from 2014 to 2021 and was reappointed its director with effect from 22 July 2024. Mr. Andrew LO was a member of the Textiles Advisory Board from 2013 to 2018 and was a member of the Trade and Industry Advisory Board from 2017 to 2019. He has been a director of Law's Foundation Limited since 2018 and a member of Hong Kong Trade Development Council Garment Advisory Committee since April 2023.

Mr. Andrew LO was appointed a member of the 5th committee of the Chinese People's Political Consultative Conference of Huicheng District, Huizhou City (中國人民政治協商會議惠州市惠城區委員會第五屆委員) and a council member of the Better Hong Kong Foundation in 2012.

Mr. Andrew LO graduated from the University of Toronto with a bachelor's degree in arts in June 1988. He is the son of Mr. Kenneth LO (the Chairman and an Executive Director) and Mrs. Yvonne LO (the Vice Chairman and an Executive Director); and a brother of Mr. Howard LO (an Executive Director and a senior vice president).

Mr. WONG Sing Wah (黃星華), aged 61, has been an Executive Director since January 2011. He is currently the president of knits division and is primarily responsible for overseeing the lifestyle wear, the sportswear and outdoor apparel and the sweater divisions, supporting corporate functions and setting up strategies and governance policy. Mr. Dennis WONG initially joined the Group as an assistant merchandiser of the sweater division in May 1983, then serving as overseas sales manager from 1986 and later overseas operation manager until 1990. Mr. Dennis WONG re-joined the Group in June 1996 as sales manager of the lifestyle wear division, and has held various positions since then. He served as sales senior manager until March 2000, and successively as assistant general manager of the Japan operation until August 2003, deputy general manager of the Japan operation until January 2004, deputy general manager-operations until October 2004, general manager of sales and operations until June 2007 and, subsequently, the president (t-shirt operation) until December 2011.

Mr. Dennis WONG was awarded the title of "2013 Top Ten Economic Individual of Dongguan City" (2013年東莞十大經濟人物), and served as the vice chairman of the 1st supervisory committee of the Dongguan City Association of Enterprises with Foreign Investment Changping Branch (東莞市外商投資企業協會常平分會) in 2010.

Mr. LO Howard Ching Ho (羅正豪), aged 46, has been an Executive Director since January 2021. Mr. Howard LO was appointed senior vice president of sales and operations of knits division in April 2014. He joined the Group in September 2005, becoming an executive trainee until March 2007. He then transferred to the lifestyle wear division and served as assistant manager-merchandising from April 2007 to August 2007, assistant general manager of sales from September 2007 to July 2008, assistant general manager from August 2008 to December 2010 and general manager of sales and operations from January 2011 to March 2014. Before joining the Group, Mr. Howard LO worked at Citigroup from 2001 to 2005. He received one of the Young Industrialist Awards of Hong Kong in 2016.

Mr. Howard LO graduated from the University of Toronto with a bachelor's degree in commerce in June 2001. He is the son of Mr. Kenneth LO (the Chairman and an Executive Director) and Mrs. Yvonne LO (the Vice Chairman and an Executive Director), and a brother of Mr. Andrew LO (the Vice Chairman, an Executive Director and the Chief Executive Officer).

Non-executive Directors

Mr. WONG Chi Fai (王志輝), aged 65, was re-designated from an Executive Director to a Non-executive Director with effect from 1 February 2023. He was an Executive Director from March 1994 to January 2023.

Mr. Frankie WONG was mainly responsible for overseeing the Group's innovation development and productivity enhancement, supporting corporate functions and setting up strategies and governance policy. Mr. Frankie WONG joined the Group and served as the senior production officer from November 1982 and has since risen through the ranks. He then served as overseas plant manager from 1986 to 1988 and general manager of the t-shirt and woven division from 1988 to 1994. He was promoted to Executive Director in March 1994. He is a member of the Sustainability Committee of the Company.

With over 40 years of experience in the apparel manufacturing industry, Mr. Frankie WONG served as a member of the board of directors of The Hong Kong Research Institute of Textiles and Apparel Limited from September 2016 to September 2022. He was also awarded the title of Honorary Citizen of Zhongshan City (中山市榮譽市民) in 2013 for his significant contributions to the economic and social development of the city.

Mr. LEE Kean Phi Mark, aged 52, was appointed a Non-executive Director with effect from 1 February 2022. He is a member of the Sustainability Committee of the Company. He was previously the Senior Vice President of Crystal SL Global Pte. Ltd., a wholly-owned subsidiary of the Company, from 2017 to 2020 and is currently a director and legal representative of some of the Group's subsidiaries.

Mr. Mark LEE was appointed an executive director and the chief executive officer of Sing Lun Holdings Pte Ltd ("**Sing Lun**") in 2003. Sing Lun is a privately-owned enterprise, operating a diverse range of business interests worldwide. The Sing Lun group, with key business interests that include industrial activities, investments and real estate, was awarded the EY-Standard Chartered Family Business Award of Excellence in 2018. Sing Lun was previously listed on the Singapore Stock Exchange between 2000 and 2008. Prior to that, Mr. Mark LEE was an executive director of Bowen Distribution Pte Ltd from 2001 to 2002, having been general manager of Sing Lun & Company Pte Ltd from 1999 to 2000 before which he held various positions in marketing and product management at CSA Distribution Pte Ltd from 1997 to 1999.

Mr. Mark LEE has over 20 years' experience in the apparel industry. In recognition of his entrepreneurial spirit, Mr. Mark LEE was awarded "Most Outstanding Entrepreneur" during the Asia Pacific Entrepreneur Awards 2010 in Singapore. He is also the winner of the prestigious EY Entrepreneur of The Year – Manufacturing in 2015. In 2016, Mr. Mark LEE was one of 30 members of the Committee for Future Economy (CFE) setup by the Prime Minister in 2016 to position Singapore well for the future.

Mr. Mark LEE is currently a Nominated Member of Parliament of Singapore and a board member of Singapore National Heritage Board. He is the Chairman of Singapore's Asian Civilisations Museum. Mr. Mark LEE is a current council member of the Singapore Business Federation, holding the position of vice chairman/honorary treasurer, chairman of the Human Capital Action Committee and advisor to the Young Business Leaders Network. He is a council member of the Singapore Chinese Chamber of Commerce & Industry ("**SCCCI**") and is the chairman of the Technology Committee of SCCCI.

He is an advisor to and a past president of the Singapore Fashion Council (SFC) (formerly known as the Singapore Textile and Fashion Federation (Taff)), and past chairman of the Textile and Fashion Federation Training Centre (TaF.tc) academic and examination board from 2014 to 2020. Mr. Mark LEE graduated from Monash University with a bachelor's degree in business marketing in 1996.

Independent Non-executive Directors

Mr. CHANG George Ka Ki (張家騏), aged 73, has been an Independent Non-executive Director since the initial public offer of the Company in November 2017. He is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. CHANG has spent much of his career in accounting and auditing thus possesses solid professional knowledge in these areas. He also served as the deputy group controller of the Group from 1984 to 1986.

Mr. CHANG has been a director at Morningside Asia, a venture capital firm, since September 1991 and, since March 2015, a non-executive director of Hang Lung Group Limited, a company engaged in property development and investment, that is listed on the Hong Kong Stock Exchange (Stock Code: 0010). Mr. CHANG has been a certified public accountant recognised by the State of California, U.S. since 1980 and a member of the American Institute of Certified Public Accountants since 1984. He has also been an associate member of the Hong Kong Institute of Certified Public Accountants since 1984, and a chartered accountant and a member of the Institute of Chartered Accountants of Ontario since 1992. Mr. CHANG graduated from the University of Wisconsin – Madison and received a Master of Business Administration in December 1976.

Mr. MAK Wing Sum Alvin (麥永森), aged 72, has been an Independent Non-executive Director since the initial public offer of the Company in November 2017. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. After working in Citibank for over 26 years, Mr. MAK retired on 1 May 2012. He last served as the Head of Markets and Banking for Citibank Hong Kong, being the country business manager for corporate and investment banking business. In Citibank, he held various senior positions including Head of Global Banking responsible for managing all the coverage bankers. Prior to that, he also managed the Hong Kong corporate finance business, the regional asset management business and was the Chief Financial Officer of North Asia. Mr. MAK is also an independent non-executive director of the following companies which are all listed on the Hong Kong Stock Exchange: Luk Fook Holdings (International) Limited (Stock Code: 0590), Lai Fung Holdings Limited (Stock Code: 1125), Hong Kong Technology Venture Company Limited (Stock Code: 1137) and K Cash Corporation Limited (Stock Code: 2483). He was previously an independent non-executive director of Goldpac Group Limited (Stock Code: 3315) from November 2013 to May 2024 and I.T Limited (Stock Code: 0999) from March 2012 to December 2019.

Mr. MAK is a Chartered Accountant and a member of the Institute of Chartered Accountants of Ontario and a member of the Hong Kong Institute of Certified Public Accountants. Mr. MAK is a member of Hong Kong Housing Society and a member of several of its committees. He is also a member of the supervisory board of Hong Kong Housing Society. Mr. MAK graduated from the University of Toronto and obtained a bachelor's degree in commerce in 1976.

Mr. WONG Siu Kee (黃紹基), aged 69, was appointed an Independent Non-executive Director on 4 June 2021. He is a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the People Committee of the Company.

Mr. Kent WONG is an executive director and Managing Director of Chow Tai Fook Jewellery Group Limited ("**CTF**") (listed on the Hong Kong Stock Exchange; Stock Code: 1929), being responsible for CTF's overall corporate management, strategy and operations.

Mr. Kent WONG has over 45 years' diverse experience in the jewellery industry with a proven track record in business development in China as well as in corporate operations and management. He has been feted with the highest accolade of the JNA Awards 2020, the "Lifetime Achievement Award", for his outstanding lifetime achievements and contributions to the global jewellery community. He also received "Extraordinary 40" Awards from Jewellery World Awards in 2023. Mr. Kent WONG was awarded Director of The Year Awards 2015 by The Hong Kong Institute of Directors in December 2015. He was ranked the 1st place as the "Best CEO" by Institutional Investors 2023 All-Asia Executive Team Rankings, in Asia (ex-Mainland China) in the Consumer/Discretionary sector, combined vote type; was recognised Best IR by Chairman/CEO by Hong Kong Investor Relations Association in 2023; and has also been named as "Asia's Best CEO (Investor Relations)" by Corporate Governance Asia, an authoritative regional journal on corporate governance, at its Asian Excellence Awards in 2023 and 2024.

Mr. Kent WONG is dedicated to giving back to the community and the industry through his participation in public or non-profit organisations. He serves as a member of the Fair Organising Committee of the Hong Kong Trade Development Council for its Hong Kong International Jewellery Show and Hong Kong International Diamond, Gem and Pearl Show, a council member of The Hong Kong Management Association, chairman of the Jewellers' and Goldsmiths' Association of Hong Kong, chairman of the supervising committee of the Hong Kong & Kowloon Jewellers'& Goldsmiths' Employees' Association, a permanent honorary president of the Kowloon Gold Silver and Jewel Merchants' Staff Association, and a board member of CIBJO, the World Jewellery Confederation. He is also president of the executive committee 2024/2026 of Youth Outreach.

Mrs. MAK TANG Pik Yee Agnes (麥鄧碧儀), MH, JP, aged 69, was appointed an Independent Non-executive Director on 15 June 2022. She is a member of each of the Audit Committee, the Remuneration Committee and the People Committee of the Company.

Mrs. MAK was previously the executive director of the Hong Kong Productivity Council ("**HKPC**") from 2010 to 2017. During her seven-year tenure at HKPC, Mrs. MAK substantially strengthened HKPC's corporate governance, infrastructure facilities and support services. She introduced certain innovative technologies, such as independent software testing and certification services, 3D printing, robotics, industry 4.0 and other smart manufacturing technologies to assist local businesses, particularly small and medium-sized enterprises, to acquire the necessary technical and management competence to exploit new opportunities in high value-added markets. Under her capable leadership, the HKPC built a solid foundation in developing both its corporate governance and its technical competence.

Mrs. MAK has over 30 years' solid experience in the Information Technology sector. Before joining HKPC, she held senior positions in various telecommunications companies, private enterprises and public bodies from 1991 to 2007, namely, The Gap (Far East) Limited, Tradelink Electronic Document Services Limited, British American Tobacco China, the Mandatory Provident Fund Schemes Authority, Sunday Communications Limited and PCCW Mobile. She previously devised strategic plans and road maps of corporate development for companies in different industries and was responsible for formulating and implementing corporate governance systems together with re-engineering business processes, in order to build and develop corporate teams while also strengthening relationships with business partners.

While Mrs. MAK has been successful in developing her career, she is also firmly committed to serving the community by promoting IT education and the application of Information Technology. She previously served as the President of the Hong Kong Computer Society (1995–1998), the Chairman of the Faculty Advisory Committee of the Faculty of Science of Hong Kong Baptist University (2011–2014), the Chairman of the Committee on Information Technology Training and Development of the Vocational Training Council (2007–2013), the Vice-chairman of the Employees Retraining Board (2009–2011), a director of the Hong Kong Science and Technology Parks Corporation (2009–2010), a member of Hong Kong Council for Accreditation of Academic and Vocational Qualifications (2007–2010), a member of the Social Welfare Advisory Committee (2007–2013), a member of the Steering Committee on the Promotion of Electric Vehicles under the jurisdiction of the Financial Secretary (2015–2021) and a member of the supervisory board of the Hong Kong Housing Society (2021-2024). In addition, Mrs. MAK was appointed the Chairperson of the Information & Communications Technology Industry Training Advisory Committee of the Education Bureau (2013–2021). She currently serves as one of its member and has successfully formulated the Specification of Competency Standards (SCS) for the industry with industry practitioners. Mrs. MAK is currently a member of the special committee on Elderly Housing and audit committee of the Hong Kong Housing Society.

Mrs. MAK was recognised as one of the "Ten Outstanding Young Persons in Hong Kong" in 1995. She was conferred the title of Distinguished Fellow by the Hong Kong Computer Society in 1999. She was appointed Justice of the Peace in 2002, awarded the Medal of Honour by the HKSAR Government in 2007 and conferred the status of Honorary Fellow by the Vocational Training Council in 2008.

Changes in Directors' Biographical Information

Changes in the information of Directors since 21 August 2024, being the date of the Company's interim report 2024, and up to the date of this report, which are required to be disclosed pursuant to the Listing Rules, are set out below:

Name of Director	Details of Changes
Mr. Andrew LO	• Appointed the Vice Chairman of the Board with effect from 1 January 2025 • Appointed the Chairman of the People Committee of the Company and ceased to be the Chairman of the Corporate Development Committee of the Company with effect from 1 January 2025
Mr. Dennis WONG	• Ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025
Mr. Howard LO	• Ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025
Mr. Frankie WONG	• Ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025 • His annual director's fee has been revised to HK$310,000 with effect from 1 January 2025
Mr. Mark LEE	• Ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025 • His annual director's fee has been revised to HK$310,000 with effect from 1 January 2025 • Ceased to be the chairman of the Youth Business and Sustainability Committee of SCCCI with effect from 15 March 2025 • Appointed the chairman of the Technology Committee of SCCCI with effect from 15 March 2025
Mr. CHANG	• Ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025 • His annual director's fee has been revised to HK$475,000 with effect from 1 January 2025
Mr. MAK	• Ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025 • His annual director's fee has been revised to HK$550,000 with effect from 1 January 2025
Mr. Kent WONG	• Appointed a member of the People Committee of the Company and ceased to be a member of the Corporate Development Committee of the Company with effect from 1 January 2025
Mrs. MAK	• Appointed a member of each of the Remuneration Committee and the People Committee of the Company and retired as a member of each of the Nomination Committee and the Corporate Development Committee of the Company with effect from 1 January 2025 • Ceased to be a member of the supervisory board of the Hong Kong Housing Society with effect from September 2024

SENIOR MANAGEMENT

The Executive Directors and senior management are responsible for the day-to-day management and operation of the business.

Mr. LI Wai Kwan (李偉君), aged 53, was appointed Chief Financial Officer on 1 December 2018.

Prior to joining the Company, Mr. LI was the chief financial officer of Zhuhai Dahengqin Property Limited. Before that, Mr. LI worked in several companies listed on the Hong Kong Stock Exchange including China Agri-Industries Holdings Limited (Stock Code: 606) and Esprit Holdings Limited (Stock Code: 330), where he developed extensive experience in leading finance and accounting, mergers and acquisitions, treasury, investor relations and corporate governance functions.

Mr. LI graduated from the University of Toronto with a bachelor's degree in Commerce with distinction, and received a Master of Business Administration from York University, Canada. He is also a member of the Hong Kong Institute of Certified Public Accountants amongst his various professional qualifications.

Mr. WONG Ho (黃河), aged 58, was appointed the president of the denim division in January 2016. Mr. WONG Ho joined the Group as a quality control supervisor of the lifestyle wear division in October 1992 and has held various positions. He was transferred to the denim division and served as operation manager from 1999, prior to being promoted to general manager. Mr. WONG Ho obtained a higher diploma in textiles and clothing studies from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1989.

After taking up of his new role in the Group with effect from 23 September 2024, Mr. WONG Ho is no longer a member of senior management of the Company.

Mr. YEW Cheng Teik (尤清德), aged 59, was appointed the president of the denim division in September 2024. Prior to joining the Group, Mr. YEW served as an executive vice president of GP Electronics (HK) Limited, a director of GP Batteries International Limited and an assistant to group CEO (Manufacturing Excellence) in Gold Peak Technology Group. He has over 20 years' experience in business management and has held senior management positions in multinational industrial companies across Asia. He holds a Master of Business Administration from Janus University and a Bachelor of Science in Electrical Engineering from University of Arkansas in United States.

COMPANY SECRETARY

Mr. NG Tsz Yeung (伍子暘), aged 40, was appointed the Company Secretary and an Authorised Representative of the Company for the purpose of the Listing Rules in May 2021 and is responsible for overseeing the company secretarial function, corporate governance and compliance of the Group. He was appointed the Foundation Secretary of Crystal Climate Charity Foundation in November 2022 overseeing the foundation secretariat operations. Prior to joining the Group, Mr. Edmund NG was the assistant company secretary, Hong Kong of Standard Chartered Bank (Hong Kong) Limited and the company secretary of Hong Kong Airlines Limited. Mr. Edmund NG holds a Bachelor of Laws (Hons) degree from the University of London and a Master of Corporate Governance degree from The Hong Kong Polytechnic University. He is also a fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

Report of the Directors

The Board is pleased to present this report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

COMPANY INCORPORATION

The Company was initially incorporated in Bermuda on 4 January 1993. In anticipation of the listing of shares on the Stock Exchange, the Company re-domiciled and was registered by way of continuation as an exempted company in the Cayman Islands on 29 December 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company's shares were listed on the Main Board of the Stock Exchange on 3 November 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in the Chairman's Statement as well as the Management Discussion and Analysis on pages 6 to 11 of this annual report. Commentary on the Group's relationships with its key stakeholders is given in the Chairman's Statement on pages 4 to 5 of this annual report and the Sustainability Report 2024 of the Company to be published in accordance with the Listing Rules. An analysis of the Group's performance during the year using key financial information is set out in the Financial Highlights on page 3 of this annual report. In addition, the Group has implemented certain environmental policies to regulate its performance and has complied with relevant laws and regulations that have had a significant impact on the Group, further details of which are set out in the Sustainability Report 2024 to be published in accordance with the Listing Rules.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements on pages 65 to 151 of this annual report.

The Board has recommended to pay Shareholders a final dividend of HK19.0 cents (approximately US2.4 cents) per ordinary share for the year ended 31 December 2024 and a special dividend of HK5.5 cents (approximately US0.7 cent) per ordinary share for the 55th anniversary of the Company. Subject to the approval of the proposed final dividend and special dividend by Shareholders at the AGM to be held on Friday, 30 May 2025, the proposed final dividend and special dividend are expected to be paid on 4 July 2025.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**"), which was approved by the Board on 5 December 2018. According to the Dividend Policy, the Company may distribute dividends by way of cash or other means that the Board considers appropriate. Any proposed distribution of dividends would be subject to the discretion of the Board and the approval of Shareholders, if necessary, taking into account the Group's results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other considerations that the Board may deem relevant. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that the Company and its subsidiaries have entered into or may enter into in the future.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT THE AGM AND TO RECEIVE THE FINAL DIVIDEND AND SPECIAL DIVIDEND

The forthcoming AGM will be held on Friday, 30 May 2025. Notice of the AGM will be made available (and sent, where applicable) to Shareholders in due course. For the purpose of determining Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 26 May 2025.

For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed from Friday, 20 June 2025 to Tuesday, 24 June 2025, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend and special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 19 June 2025.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five years is set out on page 152 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 39 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2024, the reserves of the Company available for distribution to its Shareholders amounted to approximately US$639 million (2023: US$658 million).

DONATIONS

Charitable donations made by the Group during the year ended 31 December 2024 amounted to US$0.7 million (2023: US$0.7 million).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) for the year ended 31 December 2024.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2024 are set out in note 37 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, sales to the Group's five largest customers accounted for approximately 64.1% of the Group's total sales for the year (of which sales to the Group's largest customer accounted for approximately 36.4%). Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

During the year ended 31 December 2024, each of Mr. Kenneth LO (Chairman and an Executive Director) and Mrs. Yvonne LO (Vice Chairman and an Executive Director) was deemed to be indirectly interested in 0.003% of equity interest (i.e. 11,000 shares) in one of the Group's five largest customers, Fast Retailing Co., Ltd.. Save as disclosed above, none of the Directors nor any of their close associates nor any shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares (excluding treasury shares) of the Company) had any interest in any of the Group's five largest customers at 31 December 2024.

RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in the PRC and other jurisdictions where the Group operates. In addition, the Group operates one defined benefit retirement scheme (that is closed to new members) in the U.K.. Particulars of the retirement benefit schemes are set out in note 27 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report are:

Executive Directors

Mr. LO Lok Fung Kenneth *(Chairman)*
Mrs. LO CHOY Yuk Ching Yvonne *(Vice Chairman)*
Mr. LO Ching Leung Andrew *(Vice Chairman (appointed with effect from 1 January 2025) and Chief Executive Officer)*
Mr. WONG Sing Wah
Mr. LO Howard Ching Ho

Non-executive Directors

Mr. WONG Chi Fai
Mr. LEE Kean Phi Mark

Independent Non-executive Directors

Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes

In accordance with Article 16.18 of the Articles of Association, Mr. Kenneth LO, Mr. Howard LO, Mr. Mark LEE and Mr. Kent WONG shall retire at the AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company has received written confirmations from all Independent Non-executive Directors of their independence. The Company considers all the Independent Non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS', SENIOR MANAGEMENT'S AND COMPANY SECRETARY'S PROFILES

Profiles of the Directors, the senior management and the Company Secretary are set out on pages 12 to 19 of this annual report.

DIRECTORS' SERVICE AGREEMENTS

The service agreements with each Executive Director and the letters of appointment given to each Non-executive Director and Independent Non-executive Director were entered into for a fixed term of one year that commenced on 6 October 2024. The service agreements and the letters of appointment are subject to termination in accordance with their respective terms. The service agreements and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules. In addition, Mr. Mark LEE also entered into an agreement with Crystal SL Global Pte. Ltd., a wholly-owned subsidiary of the Company, for provision of consultancy services to the Group. A consultancy agreement was entered into between a wholly-owned subsidiary of the Company and a company wholly owned by Mr. Frankie WONG for his consultancy services to the Group.

The emoluments of Directors have been determined with reference to their skills, knowledge and involvement in the Company's affairs, the performance of each Director and prevailing market conditions during the year.

Save as disclosed above, none of the Directors has entered, or has proposed to enter, into a service agreement with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

SHARE AWARD SCHEME

On 7 April 2017, the Company passed a resolution of the Board to further adopt the Share Award Scheme B and appointed an independent professional trustee to assist with the administration and vesting of the Share Awards. The following is a summary of the principal terms of the Share Award Scheme B:

1. Purpose of the Scheme

The purpose of the Share Award Scheme B is to recognise the past and existing executives, consultants or officers of the Company or any of its subsidiaries for their past service and contribution to the Group, to motivate and retain skilled and experience personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

2. Eligible Participants

The Share Award Scheme B Eligible Persons include existing and past executives, consultants or officers of the Group. The Scheme B Participants are the Share Award Scheme B Eligible Persons selected by the Board or the Designated Management Team at its discretion.

3. Maximum Number of Shares Available

The maximum number of Share Awards that may be granted under the Share Award Scheme B in aggregate (excluding Share Awards that have lapsed or been cancelled in accordance with the rules of the Share Award Scheme B) shall be such number of Shares held by the Trustee from time to time.

4. Maximum Entitlement for Each of the Scheme B Participants

There is no limit on the maximum number of Share Awards to be granted to each Scheme B Participant under Share Award Scheme B.

5. Vesting of the Share Awards

On 3 November 2019, all of the Share Awards held by the Scheme B Participants were vested.

6. Payment on Acceptance of the Share Awards

The price of the Share Awards will be specified in the Share Award Grant Letter in such form as the Board may determine. The vested Share Awards were granted to the grantees of Share Award Scheme B for nil consideration pursuant to the Share Award Grant Letters.

7. Remaining Life

The Share Award Scheme B shall be valid and effective for a period of ten years commencing on the date of the first grant of the Share Awards being 12 October 2017, subject to any prior termination of the Share Award Scheme B by the Board or the Designated Management Team at any time before the expiry of the Scheme Period.

No scheme mandate or service provider sublimit on share grant has been set under the Share Award Scheme B. The number of Share Awards available for grant at the beginning and at the end of the year ended 31 December 2024 is the number of shares held by the Trustee at the respective time, which was nil and nil, respectively. As at the date of this report, no shares were held by the Trustee. There was no unvested Share Award at the beginning and at the end of the year ended 31 December 2024. All Share Awards held by the Group's employees under Share Award Scheme B were vested on 3 November 2019. No Share Awards were granted, vested, cancelled or lapsed under the Share Award Scheme B during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for the related party transactions disclosed in note 35 to the consolidated financial statements, no Director and Controlling Shareholder and/or any of his/her connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party at the end of the year or at any time during the year.

NON-EXEMPT CONNECTED TRANSACTIONS

A number of agreements and arrangements with connected persons (as defined under Chapter 14A of the Listing Rules) have been entered into in the ordinary and usual course of business. The transactions disclosed under this section constituted non-exempt connected transactions under Chapter 14A of the Listing Rules.

The following table sets out the amounts of the Group's non-exempt connected transactions for the year ended 31 December 2024:

Connected persons	Nature of transactions	Transaction amount US$'000	Right-of-use assets US$'000
Tanbo Development Limited	Expense paid/payable for lease of premises	69	67
Happy Field Company Limited	Expense paid/payable for lease of premises	692	672
Joint Access Limited	Expense paid/payable for lease of premises	538	523
	Sub-total	1,299	1,262

2024 Leases

In 2022, the Group, as tenants, entered into various leases with (1) Tanbo Development Limited, (2) Happy Field Company Limited (being entities controlled by the Controlling Shareholders) and (3) Joint Access Limited (being an entity controlled by Mr. Andrew LO) (collectively, the "**Connected Landlords**"), which were renewed on 14 December 2023 (the "**2024 Leases**"). Pursuant to the 2024 Leases, the Connected Landlords agreed to lease the premises for warehouse and living quarters purposes. The terms of the lease agreements with the Connected Landlords were one year commencing from 1 January 2024. Since the Connected Landlords are connected persons of the Company and the transactions with these entities are of a similar nature, such transactions have been aggregated and treated as if they were one transaction, pursuant to Rule 14A.82(1) of the Listing Rules.

DTZ Cushman & Wakefield Limited, the property valuer of the Company, has confirmed that the rent under the 2024 Leases reflects prevailing market rates. The Directors confirm that the annual rent is determined on normal commercial terms and with reference to market price.

In accordance with IFRS 16 applicable to the Company, the transactions under the 2024 Leases 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. Since the transactions under the 2024 Leases were of similar nature, such transactions were aggregated and treated as if they were one transaction, pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules.

As the applicable "percentage ratios" (other than the profits ratio) for the transactions were more than 0.1% but below 5%, the transactions described above were exempt from the circular (including independent financial adviser review) and independent shareholders' approval requirements but were subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken by the Group in its normal course of business are set out in note 35 to the consolidated financial statements. During the year ended 31 December 2024, certain related party transactions, as disclosed in notes 35(a) and 35(d) to the consolidated financial statements, constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and the Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31 December 2024, none of the Directors was interested in any business, apart from the Group's businesses, which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as otherwise disclosed in this annual report, at no time during the year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required 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 had taken or were deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Interests in the Company

Name of Director	Nature of Interest	Number of shares (note a)	Approximate percentage of shareholding in the Company (%)
Mr. Kenneth LO (note b)	Beneficial owner	306,610,590	10.75
	Interest of spouse	308,437,090	10.81
	Interests held jointly with another person	1,569,052,100	55.00
Mrs. Yvonne LO (note c)	Beneficial owner	306,610,590	10.75
	Interest of spouse	306,610,590	10.75
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,826,500	0.06
	Interests held jointly with another person	1,569,052,100	55.00
Mr. Andrew LO	Beneficial owner	68,074,080	2.39
Mr. Dennis WONG	Beneficial owner	7,497,360	0.26
Mr. Frankie WONG	Beneficial owner	4,806,000	0.17
Mr. Howard LO	Beneficial owner	41,345,680	1.45
Mr. Mark LEE	Beneficial owner	591,000	0.02

Notes:

(a) All positions are long positions.

(b) Under the SFO, Mr. Kenneth LO, as the spouse of Mrs. Yvonne LO, is deemed to be interested in the 308,437,090 shares in which Mrs. Yvonne LO is interested. Mr. Kenneth LO and Mrs. Yvonne LO were interested in a total of 1,569,052,100 shares jointly held by Mr. Kenneth LO and Mrs. Yvonne LO.

(c) Under the SFO, Mrs. Yvonne LO, as the spouse of Mr. Kenneth LO, is deemed to be interested in the 306,610,590 shares in which Mr. Kenneth LO is interested. Mrs. Yvonne LO and her spouse Mr. Kenneth LO were interested in a total of 1,826,500 shares held by The Incorporated Trustees of Yuk Ching Charity Trust of which Mrs. Yvonne LO is a founder and chairman. Mrs. Yvonne LO and Mr. Kenneth LO were interested in a total of 1,569,052,100 shares jointly held by Mrs. Yvonne LO and Mr. Kenneth LO.

Save as disclosed above, at 31 December 2024, none of the Directors or chief executive of the Company had any interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 had taken or were deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2024, the Directors are not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

PUBLIC FLOAT

At the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as agreed with the Stock Exchange during the year ended 31 December 2024 and up to the date of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report section on pages 31 to 55 of this annual report.

AUDIT COMMITTEE

The Audit Committee, together with the management of the Company and the external auditor of the Company, conducted a review of the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 December 2024.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by Messrs. Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as the independent auditor of the Company will be proposed at the forthcoming AGM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In 2024, the Group has complied with the mandatory disclosure requirements and the "comply or explain" provisions contained in the Environmental, Social and Governance Reporting Guide. For details, please refer to the Sustainability Report 2024 to be published in accordance with the Listing Rules.

On behalf of the Board
LO Lok Fung Kenneth
Chairman
20 March 2025

Corporate Governance Report

CORPORATE GOVERNANCE FRAMEWORK

The Group believes that good corporate governance can enhance its overall effectiveness thus creating additional value for its shareholders. The Group is committed to maintaining high standards and has applied the Principles that are set out in the CG Code in Appendix C1 to the Listing Rules. The Group's corporate governance practices are based on these Principles. The Board believes that good corporate governance standards are essential in contributing to the provision of a framework for the Group to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies and enhance transparency and accountability.

For the financial year ended 31 December 2024, the Group has been in compliance with all applicable code provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiry being made of all Directors, each of them has confirmed their compliance with the required standards set out in the Model Code for the year ended 31 December 2024 and up to the date of this annual report.

BOARD OF DIRECTORS

Roles and Responsibilities

The Group endeavours to enhance corporate efficiency and profitability through the Board. The Directors recognise their collective and individual responsibility to the Shareholders and perform their duties diligently to contribute to positive results for the Group and maximise returns for Shareholders.

The functions and duties of the Board include convening general meetings, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing the Group's compliance with the CG Code and disclosures in the Corporate Governance Report, implementing the resolutions passed at general meetings, determining strategies, business and investment plans, formulating the annual financial budget, reviewing and approving the financial accounts and formulating proposals for profit distributions as well as exercising other powers, functions and duties conferred by the Articles of Association. Responsibilities relating to the implementation of decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the senior management.

The Board is responsible for performing the functions set out in code provision A.2.1 in Part 2 of the CG Code. During the year, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, the Group's code of conduct and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Board Composition

The Board continuously seeks to enhance its effectiveness and maintain the highest standards of corporate governance. It recognises diversity at Board level as an essential element in maintaining competitive advantage and sustainable development. The Board considers it vital to have the appropriate balance of skills, experience and diversity of perspectives to support the execution of its business strategies.

At 31 December 2024 and up to the date of this report, the Board comprised five Executive Directors, two Non-executive Directors and four Independent Non-executive Directors, whose biographical details and family relationships among certain Directors are set out in the section headed "Directors and Senior Management" on pages 12 to 19 of this annual report. There are no other material financial, business or other relevant relationships among the Directors.

	Name of Directors	Relevant Board Committees
Executive Directors	Mr. Kenneth LO *(Chairman)*	RC NC
	Mrs. Yvonne LO *(Vice Chairman)*	
	Mr. Andrew LO *(Vice Chairman (Appointed with effect from 1 January 2025) and Chief Executive Officer)*[notes a and b]	PC SC
	Mr. Dennis WONG[note a]	
	Mr. Howard LO[note a]	
Non-executive Directors	Mr. Frankie WONG[note a]	SC
	Mr. Mark LEE[note a]	SC
Independent Non-executive Directors	Mr. CHANG[note a]	AC RC
	Mr. MAK[note a]	AC RC NC
	Mr. Kent WONG[notes a and b]	AC RC NC PC
	Mrs. MAK[notes a, b and c]	AC RC PC

Notes:

(a) These Directors were members of the Corporate Development Committee, which was dissolved on 1 January 2025.

(b) These Directors are members of the People Committee, which was established on 1 January 2025.

(c) Mrs. MAK was appointed a member of the Remuneration Committee and retired as a member of the Nomination Committee with effect from 1 January 2025.

The Company has received written confirmations of independence from each Independent Non-executive Director and considers all Independent Non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

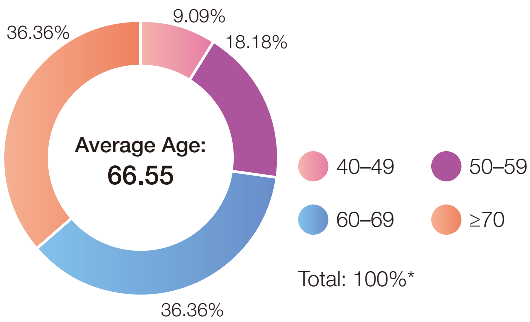
Board Diversity

The Group has reviewed the Board Diversity Policy during the year ended 31 December 2024. The Board recognises diversity at board level as an essential element in maintaining the Company's competitive advantage and sustainable development. In designing, reviewing and assessing the Board's composition, board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted to being a Director. The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies and enhance its effectiveness.

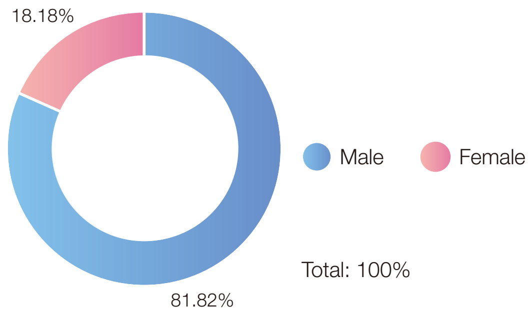
The Board reflects a spectrum of diversity, having successfully achieved a rich blend of backgrounds and professional expertise. Each member of the Board brings a wealth of senior management experience to the table. A significant 81.82% of the Directors boast experience in manufacturing, with 63.64% possessing specific expertise in the garment industry. Additionally, a substantial 36.36% of the Directors come from professional backgrounds that span accounting, banking, finance, taxation and investment. Community engagement, as well as public and governmental affairs, are well-represented, with 18.18% of Directors holding experience in these areas. The breadth of knowledge is further enriched by one Director specialising in IT and telecommunications and another one Director with a background in jewellery and retail, ensuring a comprehensive and multifaceted governance approach.

Board Composition & Diversity Mix

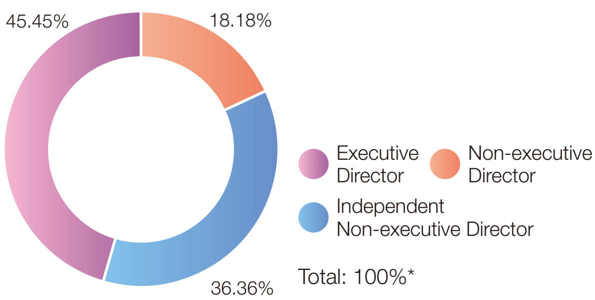
Age Group



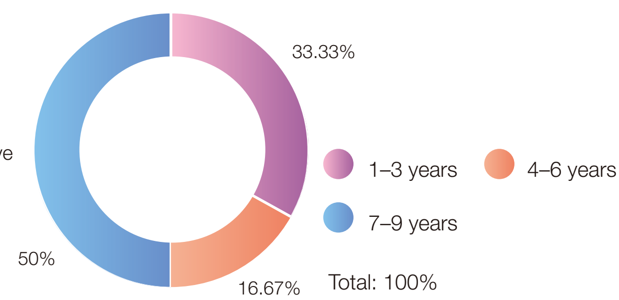
Gender



Designation



Length of Services of Existing Non-executive Directors and Independent Non-executive Directors (since initial public offering)



Board Expertise

* To the nearest whole number.

Gender Diversity

At 31 December 2024, Crystal employed around 75,000 people, being 32.2% male and 67.8% female. Our female representation within the workforce continues to be maintained at a high level and amongst other listed companies. The Company has achieved gender diversity at the Board and senior management level with two female Directors on the Board. The female representation at the Board and senior management level is 15.4% at 31 December 2024 (2023: 15.4%). Appropriate emphasis on maintaining gender diversity has been placed in the reviews of board composition, board diversity and succession planning to ensure a pipeline of potential successors in achieving and maintaining gender diversity.

The following table sets out the percentage of workforce by region and gender at 31 December 2024:

	Percentage of Workforce		
Region	**Total**	**Male**	**Female**
Vietnam	54.3%	32.4%	67.6%
China	16.1%	33.9%	66.1%
Bangladesh	11.3%	43.1%	56.9%
Cambodia	11.9%	20.9%	79.1%
Sri Lanka	5.9%	27.8%	72.2%
Hong Kong and other regions in Asia	0.5%	40.5%	59.5%
Total	100%	32.2%	67.8%

Chairman and CEO

The Chairman of the Board is Mr. Kenneth LO, and the CEO is Mr. Andrew LO. The roles of Chairman and CEO are performed by separate individuals, and there is clear division of responsibilities between the Chairman and the CEO to ensure a balance of power and authority.

Board Independence

The Board has established mechanisms to ensure that a strong independent element on, and independent views and input are available to, the Board.

(a) Composition of the Board and Board Committees

- Independent Non-executive Directors enhance the effectiveness and decision-making of the Board by providing objective judgement and constructive challenge to the management. The Board should ensure the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

- Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, Independent Non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

(b) Assessment of Independence

- The Nomination Committee adheres to the Nomination Policy, its terms of reference and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of Independent Non-executive Directors.

- Each of the Independent Non-executive Directors is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

- The Nomination Committee is mandated to assess annually the independence of all Independent Non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

(c) Compensation

- According to the CG Code, no equity-based remuneration (e.g. share options or grants) with performance related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(d) Board Decision-Making

- All of the Directors are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company Secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

- All of the Directors shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

- The Chairman shall, at least annually, hold meetings with the Independent Non-executive Directors without the presence of other Directors to discuss major issues and any concerns.

(e) Review of the Mechanisms Implementation

- The Board shall, or may designate a board committee to, make an annual review of the implementation and effectiveness of these mechanisms.

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of Independent Non-executive Directors as mentioned in item (a) above. During the year, the Board reviewed the implementation and effectiveness of the mechanisms and was satisfied that the relevant measures and mechanisms were robust and implemented effectively.

Appointment and Re-election of Directors

There is a written nomination policy and process (that is formal, considered and transparent) for the selection and appointment of new Directors and a plan for orderly succession of appointments. All of the Directors are subject to retirement by rotation at least once every three years.

The Non-executive Directors and Independent Non-executive Directors have entered into letters of appointment from the Company for a fixed term of one year that commenced on 6 October 2024. They are subject to retirement by rotation and are eligible for re-election at the AGM.

BOARD COMMITTEES

To oversee particular aspects of the Company's affairs and to assist in the execution of its responsibilities, the Board currently possesses five Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the People Committee and the Sustainability Committee. The Audit Committee comprises only Independent Non-executive Directors as members in order to ensure its independence, while the Remuneration Committee and the Nomination Committee comprise a majority of Independent Non-executive Directors to ensure the exercise of effective independent judgement. The People Committee was established on 1 January 2025. The Corporate Development Committee was dissolved with effect from 1 January 2025.

The reports of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Development Committee (dissolved with effect from 1 January 2025) and the Sustainability Committee for the year under review are set out on pages 36 to 47 of this report. Details of the committees members' attendance at committees meetings are set out on page 50.

In order to comply with the Listing Rules and the CG Code, the terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee and the list of Directors and their roles and functions are regularly revised, updated and published on the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE REPORT

Committee Composition and Meetings

The Audit Committee comprised four members, each of whom is an Independent Non-executive Director:

- Mr. CHANG George Ka Ki *(Chairman)* – Independent Non-executive Director
- Mr. MAK Wing Sum Alvin – Independent Non-executive Director
- Mr. WONG Siu Kee – Independent Non-executive Director
- Mrs. MAK TANG Pik Yee Agnes – Independent Non-executive Director

The Board considers the Audit Committee to have appropriate, relevant financial experience and each member is independent as required by the Listing Rules. The Audit Committee met four times during the year and, all members attended all four meetings by either virtual means, or whenever possible, in person. The Chief Financial Officer and the Head of Internal Audit attended the meetings of the Audit Committee by invitation. There was active contact between the members of the Audit Committee between meetings.

Committee Purpose

There was no revision of the terms of reference of the Audit Committee during the year. In accordance with its current terms of reference (available on the websites of the Stock Exchange and the Company), the main focus of the Audit Committee continue to be:

- reviewing the financial results and reports;
- monitoring the internal control environment;
- assessing the state of the Group's risk management process;
- receiving reports from the external and internal auditors; and
- reviewing continuing connected transactions.

Reviewing the Financial Results and Reports

During the year ended 31 December 2024, the Audit Committee reviewed the Group's audited consolidated financial statements and reports relating to the year ended 31 December 2023 together with the external auditor, and was satisfied as to the extent of the work done by the external auditor, the consistent application of the Group's accounting policies, the appropriateness of the financial judgements applied, and compliance with Board approved limits of connected transactions. Similar work was conducted in respect of the unaudited condensed consolidated financial statements and reports prepared by the Group for the six months ended 30 June 2024. The Audit Committee was satisfied with the outcome of its various reviews set out here.

The Audit Committee reviewed the Group's audited consolidated financial statements and reports relating to the year ended 31 December 2024 on 17 March 2025 and noted the considerable efforts made by both the Group's finance and accounting staff and the staff of the external auditor to complete their work in time for the Audit Committee's review to take place as scheduled.

Monitoring the Internal Control Environment

The Audit Committee reviewed reports from the Internal Audit Department, all of which were related to the application of internal controls in different parts of the Group and the management response to the points made in the reports. The focus in 2024 was (a) review of the enterprise risk framework; (b) the nature and effectiveness of the Group's risk management, focusing particularly on cybersecurity; (c) governance and compliance review and (d) climate-related risks. The Audit Committee was generally satisfied by the responses given and remedial action taken. The Audit Committee required the Internal Audit Department to follow up on the proposed action to ensure it has been and will continue to be applied. During the year, the Audit Committee reviewed the follow-up conducted in regard to the audits conducted by the Internal Audit Department. When the Audit Committee considers it appropriate, relevant senior management members are invited to meet the Audit Committee for further clarification, discussion and agreement of programmes for additional action. The Audit Committee continued the practice in prior years of advising the Board of its major findings and the areas it considered required action by the Board. The risk management and internal controls of the Group were reviewed at each Audit Committee meeting. The resources, staff qualifications and experience, training programmes, budget of the internal audit functions, and of the accounting and financial reporting functions of the Group were reviewed and considered to be adequate.

The Audit Committee reviewed the functioning of the Internal Audit Department and was satisfied that effective reviews were undertaken. As approved by the Board in 2021, an internal audit team in Vietnam is now in place and the Head of Internal Audit oversees the work of such team.

Assessing the State of the Group's Risk Management Process and Major Risks Reviewed

The Group's risk management process is overseen and supervised by the executive committee of the Company that has delegated operational oversight to the Chief Financial Officer. With the assistance of the Internal Audit Department, the Audit Committee checks to see whether the process is actively in place, and in 2024 it received a written report from the Chief Financial Officer on the system, the classification and assessed impact of identified risks, and the action taken, where required. At every meeting, the Audit Committee reviews the log of complaints made by whistleblowers and satisfies itself as to the appropriateness of action taken by management in response to the complaints. The Audit Committee, noting that no complaints were made during the year, had reported accordingly to the Board.

The Audit Committee had determined previously that cybersecurity was an area of prevailing risk to the Group, and this has also been reflected in the Group's risk management process. Accordingly, the Audit Committee met with the Chief Information Officer during the year, and received written reports from time to time to review the cyber protection systems in place, the frequency, location and types of attacks that had occurred, and their impact, together with remedial action taken to improve cyber protection. Various assessments of the Group's IT environment had been undertaken to identify any potential vulnerability in cybersecurity. The rolling out of further improvements to all systems operated within the Group and the education of all employees of the Group on cybersecurity measures continued during the year.

The Audit Committee would stay vigilant to the future guidance of the Stock Exchange on the disclosure and audit of climate-related financial disclosure requirements, which became effective from the financial year commencing on or after 1 January 2025.

Reports from the External and Internal Auditors

External Auditor

The Audit Committee met the external auditor three times during 2024, once without management present. The external auditor's work, in particular the areas of key focus, was discussed and understood, as were the points recorded in the external auditor's management letter issued after the audit of the annual consolidated financial statements for the year ended 31 December 2023. The Audit Committee was satisfied regarding the action taken and proposed to be taken by management to resolve the points raised by the external auditor. As part of its terms of reference, the Audit Committee reviewed the independence of the external auditor and was satisfied in that respect. The Audit Committee received management's comments on the fees proposed by the external auditor and was satisfied that they were reasonable for the scope of work being undertaken. Consequently, the Audit Committee recommended to the Board that the external auditor be reappointed, and its recommendation was endorsed by the Board and confirmed at the AGM in 2024.

Internal Audit

At the beginning of each year, the Audit Committee reviews the work planned by the Head of Internal Audit for the Internal Audit Department for the year to ensure that over a number of years, all parts of the Group are audited as regards financial and material internal controls, in addition to key risk mitigation. As the work is carried out, detailed reports are submitted to the Audit Committee for review and comment before being released more generally. The Audit Committee satisfies itself as to the quality and focus of the work done by the internal auditors, that it has been given appropriate access and co-operation in conducting its work, and that senior management is overseeing the implementation of any remedial action required. Occasionally, the CEO or the Board may require the Internal Audit Department to focus on a short-term, urgent matter, and the agreement of the Audit Committee is sought. From time to time, the Audit Committee makes proposals to the CEO regarding the structure and staffing of the Internal Audit Department.

Other Meetings

It is customary for the Audit Committee to meet the Chairman of the Board annually in its own right to discuss its work and observations during the year, as well as the major issues encountered by the Group in implementing its strategies. The focus of such meetings is on risk, specific areas of concern, and the adequacy of the resources applied to managing these areas and concerns. The discussions include the performance of the CEO. In addition, the Audit Committee meets the CEO annually to discuss its observations and any concerns it has regarding the internal control system of the Group, together with the effectiveness of the risk management process. These discussions include the performance of the Internal Audit Department and its Head.

Connected Transactions

The Group has one transaction with companies controlled by Directors. The anticipated annual limit for each transaction for the following year is reported to Shareholders annually by public notice, if necessary. The Audit Committee is kept informed of the value of each connected transaction on a regular basis throughout the year so that it can ensure the limit that has been approved by the Board and notified to Shareholders is not exceeded. Towards the end of the year, it reviews the current year's transaction to ensure the limit is unlikely to exceed and also to assess that the limit proposed for the following year has been determined at an arm's length basis and is in the best interests of all Shareholders. It may determine there should be adjustment to the limit prior to its recommendation of the following year's connected transaction limit to the Board for approval. In March 2025, the Audit Committee reviewed the position of connected transaction in 2024 and certified this outcome to the Board.

CHANG George Ka Ki
On behalf of the Audit Committee
20 March 2025

REMUNERATION COMMITTEE REPORT

Committee Composition and Meetings

The composition of the Remuneration Committee changed in January 2025. Mrs. MAK, an Independent Non-executive Director, was appointed a member of the Remuneration Committee with effect from 1 January 2025. The Remuneration Committee comprises five members:

- Mr. MAK Wing Sum Alvin *(Chairman)* – Independent Non-executive Director
- Mr. CHANG George Ka Ki – Independent Non-executive Director
- Mr. WONG Siu Kee – Independent Non-executive Director
- Mrs. MAK TANG Pik Yee Agnes (appointed with effect from 1 January 2025) – Independent Non-executive Director
- Mr. LO Lok Fung Kenneth – Executive Director and Chairman of the Board

The Remuneration Committee met three times in 2024, and all members by then attended all meetings.

Committee Purpose

In accordance with its terms of reference (available on the websites of the Stock Exchange and the Company), the Remuneration Committee was established to:

- establish and review the policy and structure of the remuneration for Directors and senior management;
- make recommendations to the Board on the remuneration packages of individual Directors and senior management; and
- review and/or approve matters relating to share schemes under the Listing Rules, if any.

Directors and Senior Management Remuneration Policy

The Directors and Senior Management Remuneration Policy sets out the general principles which guide the Group to deal with remuneration matters of Directors and senior management of the Company.

Directors and Senior Management Remuneration and Benefits

The Group's Directors and Senior Management Remuneration Policy aims (i) to provide a fair market level of remuneration, (ii) to retain and motivate Directors and senior management, and (iii) to attract experienced people of high calibre to oversee the business and development of the Group. Remuneration of Directors and senior management is reviewed by the Remuneration Committee annually with reference to companies of comparable business or scale, the Group's corporate goals and objectives.

The Remuneration Committee would consult the Chairman and the CEO about remuneration proposals for other Executive Directors. The Remuneration Committee would be provided with sufficient resources when deciding on any remuneration proposals and have access to independent professional advice if necessary. The Remuneration Committee would ensure that no Director or any of their associates shall be involved in deciding the Director's own remuneration.

(a) Executive Directors and Senior Management

Executive Directors and senior management are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Directors and Senior Management Remuneration Policy is built upon the principles of providing equitable and market-competitive remuneration package. The Remuneration Policy is, therefore, aiming at being fair with equal opportunity, competitive but not excessive.

Remuneration packages of Executive Directors and senior management shall comprise various components linking to individual and the Group's performance and comparable to other key market players in the same or similar industries.

(b) Non-executive Directors (including Independent Non-executive Directors)

Non-executive Directors shall receive fixed remuneration/fee to be set at an appropriate level to attract and retain capable talents by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against other comparable key market players.

The Remuneration Committee of the Company reviews the Directors and Senior Management Remuneration Policy from time to time as appropriate, and in any event, annually. In 2024, the Remuneration Committee reviewed the Directors and Senior Management Remuneration Policy and was satisfied that it was implemented effectively.

Work of the Committee

The Remuneration Committee conducts annual reviews of the salaries, bonuses and benefits of Directors and senior management in accordance with the Directors and Senior Management Remuneration Policy. It recommends to the Board proposals for overall rewards and appropriate remuneration for Directors and senior management. In addition to the Group's financial performance in the relevant years, the Remuneration Committee makes reference to various other factors in setting the remuneration for Directors and senior management to ensure they are fairly rewarded with regards to the size and complexity of the operations and their individual contribution, as well as to retain high calibre management.

Comprehensive market benchmarking was conducted to compare the remuneration of Directors and senior management with compensation figures for senior executives of comparable companies. The Head of Human Resources met the Remuneration Committee three times during the year to provide information to facilitate the Committee's review in respect of 2024:

- structuring the bonus payout plan;
- recommendations for bonus awards;
- development of the total compensation position and changes in total compensation;
- industry compensation benchmarking of the Directors and senior management;
- review of the Directors and Senior Management Remuneration Policy;
- recruitment governance; and
- bonus scheme revamp and redesign of the long-term incentives scheme.

The Remuneration Committee was satisfied that this reward setting mechanism was robust and flexible in motivating Directors and senior management to pursue successful achievement of the organisational goals.

During the year ended 31 December 2024, the Remuneration Committee discussed and agreed on its recommendations in respect of fees and annual salaries of individual Independent Non-executive Directors, Non-executive Directors, Executive Directors and senior management.

During 2024, the Group completed a review of the existing bonus scheme. A consultant was engaged to assist in this review. The Remuneration Committee had been actively involved. The review resulted in a proposal to revamp and redesign the bonus scheme that is performance driven and a compensation structure that is closely aligned with the market. The review also recommended the establishment of a long-term share award incentives scheme. The proposal for the new bonus and long-term share award incentives schemes was reviewed and recommended by the Remuneration Committee and was subsequently approved by the Board in December 2024, expected to be taken effect in 2025. Save as disclosed above, no material matter relating to share schemes of the Company was reviewed and/or approved by the Remuneration Committee.

MAK Wing Sum Alvin
On behalf of the Remuneration Committee
20 March 2025

NOMINATION COMMITTEE REPORT

Committee Composition and Meetings

The composition of the Nomination Committee changed in January 2025. Mrs. MAK retired as a member of the Nomination Committee with effect from 1 January 2025. The Nomination Committee comprises three members:

- Mr. LO Lok Fung Kenneth *(Chairman)* – Executive Director and Chairman of the Board
- Mr. MAK Wing Sum Alvin – Independent Non-executive Director
- Mr. WONG Siu Kee – Independent Non-executive Director
- Mrs. MAK TANG Pik Yee Agnes (retired with effect from 1 January 2025) – Independent Non-executive Director

The Nomination Committee met twice in 2024, and all members by then attended all meetings.

Committee Purpose

There was no revision of the terms of reference of the Nomination Committee during the year. In accordance with its current terms of reference (available on the websites of the Stock Exchange and the Company), the Nomination Committee was established to examine and review for the Company:

- Board composition
- Board diversity
- Board succession
- Board effectiveness

and to make recommendations to the Board in these areas for its consideration.

Work of the Committee

The Nomination Committee works in accordance with its terms of reference, which can be found on the websites of the Stock Exchange and the Company. It continuously reviews the composition of the Board, including its diversity and succession.

The Nomination Committee has a written nomination policy and process for selecting and appointing new Director(s). The Nomination Committee makes recommendations to the Board on the Board composition, the key profiles of new Independent Non-executive Directors, and the Board's role and responsibilities.

At least annually, the Nomination Committee reviews the present and future skills, experience, expertise, character and gender diversity the Board needs for the Company to achieve its long-term strategic objectives and business plans. If the Nomination Committee feels there are gaps in the collective skills, experience, expertise and character of the Board, it notifies the Board of its views and reasoning, as well as its recommendations as to what, if any, action needs to be taken and when.

To assess the composition of the Board and its needs to perform effectively, the Nomination Committee developed working papers on the skills and attributes needed on the Board and by individual Directors.

A preliminary review of succession on the Board was made. The Nomination Committee recommended to the Board the re-appointment of various Directors at the AGM. The Nomination Committee adopted and applied the skills and attributes papers in its assessment of the Board composition, developing medium-term succession plans for discussion with the Board, and arranging a further review of the effectiveness of the performance of the Board and its committees. In this regard, the Nomination Committee commenced the process of identifying suitable successors for the current Independent Non-executive Directors to be effected within the next three years to allow proper time for acclimatisation and effective handover for the positions.

Specifically, the Nomination Committee reviewed the future structure of the Board and its committees to assess if they could meet the future strategic needs of the Company. To address key issues related to people matters, enhance the Board efficiency and oversight and fulfill our commitment to ensure smooth succession and stable leadership transition, the Nomination Committee recommended to the Board the following for the approval by the Board, effective from 1 January 2025:

- reorganisation of Board committees, the establishment of the People Committee and the integration of the functions of the Corporate Development Committee into the Board.

- the appointment of Mr. Andrew LO as an additional Vice Chairman of the Board and the Chairman of the People Committee;

- the appointment of Mrs. MAK as a member of each of the Remuneration Committee and People Committee, and her retirement as a member of the Nomination Committee; and

- the appointment of Mr. Kent WONG as a member of the People Committee.

The Nomination Committee reviewed the training and development programmes for certain Directors and senior management to assist in developing the management's readiness over time to be appointed to top management positions and to fulfil the needs of Director on overseeing and executing the Group's strategies. During the year, the Nomination Committee continued to prioritise the training and continuous development of our Board members. As part of this initiative, we organised a Board Development Forum focused on the theme of geopolitical impact to Hong Kong. Guest speakers with specific expertise and experiences in this area were invited to share insights with our Directors, enhancing their understanding of the complex geopolitical landscape. Additionally, a visit to our factory in Dongguan, China was arranged for the Directors, which provided an opportunity for our Directors to witness firsthand the latest digital transformation initiatives and our strategic developments in China. These activities align with our commitment to ensuring that our Board remains informed, engaged, and equipped to navigate the evolving business environment effectively. The Nomination Committee was satisfied with the progress made.

In addition, the independence of each of the Independent Non-executive Directors was reviewed by the Nomination Committee and found to be satisfactory.

LO Lok Fung Kenneth
On behalf of the Nomination Committee
20 March 2025

CORPORATE DEVELOPMENT COMMITTEE REPORT

Committee Composition and Meetings

The Corporate Development Committee was dissolved with effect from 1 January 2025. During the year ended 31 December 2024, the Corporate Development Committee comprised ten members, including nine Directors, and one senior management executive:

- Mr. LO Ching Leung Andrew *(Chairman)* – Executive Director, Vice Chairman of the Board and Chief Executive Officer
- Mr. WONG Sing Wah – Executive Director
- Mr. LO Howard Ching Ho – Executive Director
- Mr. WONG Chi Fai – Non-executive Director
- Mr. LEE Kean Phi Mark – Non-executive Director
- Mr. CHANG George Ka Ki – Independent Non-executive Director
- Mr. MAK Wing Sum Alvin – Independent Non-executive Director
- Mr. WONG Siu Kee – Independent Non-executive Director
- Mrs. MAK TANG Pik Yee Agnes – Independent Non-executive Director
- Mr. LI Wai Kwan – Chief Financial Officer

The Corporate Development Committee met twice in 2024, and most members attended the meetings.

Committee Purpose

In accordance with the Corporate Development Committee's terms of reference, the Corporate Development Committee was established to:

- review and advise the Board on future development opportunities for the Group;
- challenge the strategic direction in terms of profitability, risks and return on equity;
- recommend any potential acquisition opportunities for the Board's consideration; and
- review strategies for business expansion, capital expenditure restructuring, organisational models and competency structures for the Board's consideration.

Work of the Committee

During the year ended 31 December 2024, the Corporate Development Committee reviewed potential corporate development opportunities, vertical integration, productivity and profitability enhancement, future organisation and other strategies for business expansion.

LO Ching Leung Andrew
On behalf of the Corporate Development Committee
20 March 2025

SUSTAINABILITY COMMITTEE

Committee Composition and Meetings

The Sustainability Committee comprises three members:

- Mr. LO Ching Leung Andrew *(Chairman)* – Executive Director, Vice Chairman of the Board and Chief Executive Officer
- Mr. WONG Chi Fai – Non-executive Director
- Mr. LEE Kean Phi Mark – Non-executive Director

The Sustainability Committee met twice in 2024, and all members attended all meetings.

Committee Purpose

In accordance with the Sustainability Committee's terms of reference, the Sustainability Committee is established to oversee and make recommendations to the Board on the following matters:

- The sustainability vision, strategies, frameworks and policies to ensure alignment with the Group's business strategies.
- Relevant sustainability risks and opportunities.
- The Group's sustainability impact on shareholder value and the Group's reputation.

Work of the Committee

Throughout the year, the Sustainability Committee has diligently executed its responsibilities, which included reviewing and granting approval for the Sustainability Report 2023. The Sustainability Committee meticulously examined and endorsed the objectives, framework and progress of Crystal Sustainability Vision 2030. Discussions regarding Crystal's decarbonisation roadmap were a focal point, alongside the review of the energy management and efficiency improvement plans. The progress of solar PV installations across our factories in the countries of our operations was also evaluated. The Sustainability Committee closely monitored advancements toward the net zero vision and scrutinised the carbon intensity performance of our factories, providing valuable comments and recommendations to guide further actions. Additionally, the Sustainability Committee is vigilant in overseeing the ongoing preparation work to align with the new climate-related disclosures requirements which became effective for the financial year commencing on or after 1 January 2025, ensuring the Company's sustainability efforts are both proactive and compliant. The resources, staff qualifications and experience, training programmes, budget of the Environmental, Social and Governance performance and reporting function of the Group were reviewed and considered to be adequate. The Sustainability Committee kept the Board regularly informed on important sustainability issues and the conclusions drawn from its discussions, ensuring that the Board remained fully apprised of the Sustainability Committee's activities and insights.

LO Ching Leung Andrew
On behalf of the Sustainability Committee
20 March 2025

DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the Directors during the year ended 31 December 2024 are:

	Fees	Salaries and allowances	Performance-based bonuses (note iii)	Retirement benefit schemes contributions	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
For the year ended 31 December 2024					
Executive Directors (note i):					
Mr. Kenneth LO	–	706	–	–	706
Mrs. Yvonne LO	–	366	–	–	366
Mr. Andrew LO (note iv)	–	846	1,223	17	2,086
Mr. Dennis WONG	–	793	1,076	43	1,912
Mr. Howard LO	–	441	557	24	1,022
Non-executive Directors (note ii):					
Mr. Mark LEE (note vi)	46	–	–	–	46
Mr. Frankie WONG (note v)	46	–	–	–	46
Independent Non-executive Directors (note ii):					
Mr. CHANG	67	–	–	–	67
Mr. MAK	77	–	–	–	77
Mr. Kent WONG	69	–	–	–	69
Mrs. MAK	63	–	–	–	63
	368	3,152	2,856	84	6,460

Notes:

(i) The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

(ii) The Non-executive Directors' and Independent Non-executive Directors' emoluments shown above were for their services as Directors.

(iii) The amounts represent performance-based bonuses paid to the Directors to reward their contributions to the Group, based on the performance of the Group.

(iv) Mr. Andrew LO is also the CEO during the year ended 31 December 2024.

(v) Mr. Frankie WONG's wholly-owned company entered into an agreement with a wholly-owned subsidiary of the Company as a consultant of the Group with an annual fee of HK$2,990,000 (equivalent to approximately US$383,000). During the year ended 31 December 2024, Mr. Frankie WONG's wholly-owned company received consultation fee of HK$2,990,000 (equivalent to approximately US$383,000) from the Group.

(vi) Mr. Mark LEE entered into an agreement with a wholly-owned subsidiary of the Company as a consultant of the Group with an annual fee of SGD432,000 (equivalent to approximately US$324,000). During the year ended 31 December 2024, Mr. Mark LEE received consultation fee of SGD432,000 (equivalent to approximately US$324,000) from the Group.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year ended 31 December 2024. None of the Directors has waived any emoluments during the year ended 31 December 2024.

FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

The five individuals with the highest emoluments in the Group include three Directors. The emoluments of the five highest paid individuals are:

	2024 US$'000
Salaries and allowances	3,055
Performance-based bonuses (note)	3,831
Retirement benefit schemes contributions	123
	7,009

Note: The amounts represent performance-based bonuses paid to the five highest paid individuals to reward their contributions to the Group.

Their emoluments were within the following bands (presented in HK$):

	Number of Directors 2024	Number of employees 2024
HK$7,000,001 to HK$7,500,000	–	1
HK$7,500,001 to HK$8,000,000	1	–
HK$8,000,001 to HK$8,500,000	–	1
HK$14,500,001 to HK$15,000,000	1	–
HK$16,000,001 to HK$16,500,000	1	–
	3	2

During the year ended 31 December 2024, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

SENIOR MANAGEMENT REMUNERATION BY BANDS

The remuneration of the Company's senior management, whose profiles are set out on page 19 of this annual report, for the year ended 31 December 2024 were within the following bands (presented in HK$):

	Number of senior management
HK$2,500,001 to HK$3,000,000	1
HK$4,000,001 to HK$4,500,000	1
HK$7,000,001 to HK$7,500,000	1

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to participate in continuous professional training at the Company's expenses. Directors participated in appropriate continuous professional development activities, including factory visit in China and the Company's in-house update training for Directors, during the year ended 31 December 2024 and relevant training records have been maintained by the Company for accurate and comprehensive record keeping.

DIRECTORS' ATTENDANCE AND DEVELOPMENT

Details of Director's attendance at the Board meetings, board committee meetings, AGM and development programme held during the year ended 31 December 2024 are set out in the table below:

Name of Directors	Board (note 1)	Audit Committee (note 2)	Remuneration Committee	Nomination Committee	Corporate Development Committee	Sustainability Committee	2024 AGM	Development Programme (note 3)
	Number of Meetings Attended/Held							
Executive Directors								
Mr. Kenneth LO	4/4*		3/3	2/2*			1/1	3/3
Mrs. Yvonne LO	4/4						1/1	3/3
Mr. Andrew LO	4/4		3/3 (note 4)	1/1 (note 4)	2/2*	2/2*	1/1	3/3
Mr. Dennis WONG	4/4				2/2		1/1	3/3
Mr. Howard LO	3/4				1/2		0/1	2/3
Non-executive Directors								
Mr. Mark LEE	4/4				2/2	2/2	1/1	3/3
Mr. Frankie WONG	4/4				2/2	2/2	1/1	3/3
Independent Non-executive Directors								
Mr. CHANG	4/4	4/4*	3/3		2/2		1/1	2/3
Mr. MAK	4/4	4/4	3/3*	2/2	2/2		1/1	3/3
Mr. Kent WONG	4/4	4/4	3/3	2/2	2/2		1/1	3/3
Mrs. MAK	4/4	4/4	1/1 (note 5)	2/2	1/2		1/1	3/3
Approximate average duration per meeting (HH:MM)	3:48	2:26	1:15	0:22	2:15	1:35	0:20	–

* representing chairman of the Board or relevant board committees.

Notes:

(1) The above figures exclude resolutions in writing signed by all Directors, meetings between the Chairman and Independent Non-executive Directors without the presence of Executive Directors and Non-executive Directors and the board meetings other than the regular board meetings.

(2) Excluding meetings with the chairman, the CEO, the relevant Executive Directors and the line presidents of the operating divisions.

(3) Factory visit in China and in-house update training sessions as continuing professional development programme for the Directors.

(4) Although Mr. Andrew LO is not a member of the Remuneration Committee and the Nomination Committee, he (being the CEO) was invited to attend meetings of those committees and was prohibited from voting or being counted as part of the quorum.

(5) Although Mrs. MAK was not a member of the Remuneration Committee during the year ended 31 December 2024, she (being an independent non-executive Director) was invited to attend meeting of that committee to provide her independent perspective and insights.

EXTERNAL AUDITOR

The Group's independent external auditor is Messrs. Deloitte Touche Tohmatsu. The external auditor is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements.

The Audit Committee reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process. It receives a report from the external auditor confirming its independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

For the year ended 31 December 2024, the total fees paid/payable in respect of services provided by Messrs. Deloitte Touche Tohmatsu were US$1.0 million, comprising fees for audit services US$0.8 million and for non-audit services (including tax filing and advice) US$0.2 million.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment of the financial affairs of the Group in the consolidated financial statements of the annual and interim reports, other price sensitive announcements and other financial disclosures required under the Listing Rules, and to report to the regulators as well as to disclose information required pursuant to statutory requirements. The statement of the external auditor about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report. The Group has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. When the Directors become aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, such uncertainties would be set out and discussed in details in this Corporate Governance Report.

The statement of the independent auditor of the Company about its reporting responsibilities and opinion on the consolidated financial statements of the Company for the year ended 31 December 2024 is set out in the Independent Auditor's Report on pages 60 to 64 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The Board's oversight of the Company's risk management and internal control systems, both directly and via the Audit Committee, is ongoing, and the effectiveness of the Company's risk management and internal control systems is reviewed at least annually to cover the period since the last annual review and reported to the Shareholders pursuant to the requirements of the Listing Rules.

During the year under review, the Board conducted its annual review of the effectiveness of the system of internal control (including financial, operational and compliance control) and risk management, discovered no material defect in internal control and considered the existing system to be both effective and adequate. The adequacy of resources, staff qualifications and experience, training courses and budgets in its accounting, internal audit and financial reporting functions and the relevant environmental, social and governance performance and reporting of the Group were also reviewed. This was achieved primarily through:

- approving the work plan for the risk management function;
- reviewing the periodical risk management activity reports;
- reviewing the risks register and updating the relevant risks; and
- reporting movements in key risks.

The Company also had adequate resources, qualified staff, training courses and budgets in the abovementioned functions.

The Board acknowledges that it is responsible for the risk management and internal control systems and for reviewing their effectiveness. Such systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

INTERNAL AUDIT

Reporting to the Audit Committee, the Internal Audit Department provides necessary information to assist management and the Audit Committee to assess the effectiveness of the risk management and internal control systems in order to achieve the business objectives and corporate governance requirements of the Group. Internal auditors conduct or support investigations, as required or directed from time to time by the Board or the Audit Committee. Further details related to internal audit are set out in the Audit Committee Report on pages 36 to 39 of this annual report.

INSIDE INFORMATION

The Group has reviewed the policy and procedures for the handling and dissemination of inside information during the year ended 31 December 2024. The policy provides a general guide to Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and replying to enquiries. Control procedures are implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

COMPANY SECRETARY

During the year under review, Mr. Edmund NG is the Company Secretary. The Company Secretary reports directly to the Board and is responsible for providing updated and timely information to all Directors.

During the year ended 31 December 2024, Mr. Edmund NG complied with all the required qualifications, experience and training requirements under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Group aims to establish fair and transparent procedures to afford all shareholders an equal opportunity to exercise their rights in an informed manner and communicate efficiently with the Group. Under the Articles of Association and the relevant policies and procedures of the Group, shareholders have, among others, the following rights:

Convene an Extraordinary General Meeting

General meetings shall be convened on the written requisition of one or more members (including a recognised clearing house (or its nominees)) deposited at the principal office of the Company in Hong Kong (5–7/F., AXA Tower, Landmark East, No.100 How Ming Street, Kowloon, Hong Kong) or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company and such member(s) may also add resolutions to the agenda of a meeting. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. The Company will take appropriate action and make all necessary arrangements in accordance with the requirements of Article 12.3 of the Articles of Association once a valid requisition is received.

Propose a Person for Election as a Director

The Company has adopted the procedures for shareholders to propose a person for election as a Director with effect from the Listing Date. The procedures are available on the Group's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Pursuant to code provision F.2.2 in Part 2 of the CG Code, the Company has invited representatives of the external auditor of the Company to attend the AGM to be convened on 30 May 2025 to answer shareholders' questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Board recognises the importance of communication with its shareholders and investors. The Company has established an Investor Relations Department to communicate with research analysts, institutional investors and shareholders in an on-going and timely manner, providing them necessary information, data and services to understand the Company's operations, strategies and development. The Company also issues press releases from time to time. Current information about the Company including the annual report, announcements, circulars and press releases can be downloaded from the Company's website (www.crystalgroup.com). Enquiries may be put to the Board by either contacting the Investor Relations Department through email at ir@crystalgroup.com or raising questions at a general meeting. The shareholders' communication policy was reviewed during the year. The Board is of the view that there are sufficient channels for Shareholders to communicate their views on various matters affecting the Company and steps have been taken to solicit and understand the views of Shareholders and stakeholders. The implementation of the policy and the communication with shareholders were considered effective. The shareholders' communication policy is available on the Group's website.

CONSTITUTIONAL DOCUMENT

During the year ended 31 December 2024, the constitutional document of the Company was revised as per the special resolution in the AGM held on 3 June 2024. The Third Amended and Restated M&A was adopted for the purposes of, among others, (i) enhancing practical arrangements to facilitate the Company's adoption of electronic dissemination of corporate communications, which is mandated under the amended Listing Rules; and (ii) incorporating certain housekeeping amendments. The Third Amended and Restated M&A were approved by the Shareholders at the AGM held on 3 June 2024 and adopted with immediate effect.

For details, please refer to the Company's circular dated 30 April 2024 and the poll results announcement dated 3 June 2024. The Third Amended and Restated M&A are available on the websites of the Company and the Stock Exchange.

AWARDS AND RECOGNITIONS

The Board is pleased to list out some of the major awards presented by renowned organisations to the Group during 2024:

Organisation	Recognition/Award
The Hong Kong Management Association	Hong Kong Sustainability Award 2024: • Certificate of Excellence (Large-sized Organisation Category) • Excellence in Social Sustainability Initiative
Hong Kong ESG Reporting Awards (HERA) Limited	Hong Kong ESG Reporting Awards (HERA) 2024: • Carbon Neutral Award – Grand Award • Commendation for the Best ESG Report – Mid-cap • Commendation for the Excellence in Environmental Positive Impact • Commendation for the Excellence in Social Positive Impact
Ernst & Young	EY Sustainability Excellence Awards 2024 – Outstanding Company
Television Broadcasts Limited	TVB ESG Awards 2024: • Outstanding ESG Award • Best in ESG Practices
CDP	Climate Change Leadership Award 2023
UN Women	Women's Empowerment Principles Awards 2024 – Winner of Leadership Commitment
HR Asia	Best Companies to Work for in Asia 2024
Federation of Hong Kong Industries	BOCHK Corporate Low-Carbon Environmental Leadership Awards 2023: 10 Years+ EcoPioneer and EcoChallenger

The recognition provided by these awards further inspires the Board to ensure the complete compliance of the Group's products and service with the most stringent benchmarks and specifications demanded by key customers. They also contribute towards the Group's ability to benefit from consolidating its base of suppliers, as the Group complies with the tightening regulations and more requirements relating to corporate sustainability in the fast-changing apparel industry.

Glossary

"AGM"	the annual general meeting of the Company
"Articles of Association"	the third amended and restated articles of association of the Company adopted on 3 June 2024
"Audit Committee" or "AC"	the Audit Committee of the Company
"Board"	the board of directors of the Company
"Board Diversity Policy"	the policy on board diversity of the Company
"CG Code"	the Corporate Governance Code
"Chairman"	the chairman of the Board (unless the context requires otherwise)
"Chief Executive Officer" or "CEO"	the chief executive officer of the Group
"Chief Financial Officer"	the chief financial officer of the Group
"Company Secretary"	the company secretary of the Company
"Controlling Shareholders"	collectively refers to Mr. Kenneth LO and Mrs. Yvonne LO
"Corporate Development Committee" or "CDC"	the Corporate Development Committee of the Company
"Crystal International" or "Company", or "we", or "our", or "us"	Crystal International Group Limited, a company incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Designated Management Team"	a designated management team led by CEO
"Director(s)"	the director(s) of the Company
"Directors and Senior Management Remuneration Policy"	the Directors and Senior Management Remuneration Policy of the Company
"Executive Directors"	the executive directors of the Company (unless the context requires otherwise)
"Group" or "Crystal" or "Crystal Group"	the Company and/or its subsidiaries
"HK$"	Hong Kong dollars

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Non-executive Directors"	independent non-executive directors of the Company (unless the context requires otherwise)
"Listing Date"	3 November 2017
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"MPF Scheme"	Mandatory Provident Fund Scheme in Hong Kong
"Mr. Andrew LO"	Mr. LO Ching Leung Andrew
"Mr. CHANG"	Mr. CHANG George Ka Ki
"Mr. Dennis WONG"	Mr. WONG Sing Wah
"Mr. Edmund NG"	Mr. NG Tsz Yeung
"Mr. Frankie WONG"	Mr. WONG Chi Fai
"Mr. Howard LO"	Mr. LO Howard Ching Ho
"Mr. Kenneth LO"	Mr. LO Lok Fung Kenneth
"Mr. Kent WONG"	Mr. WONG Siu Kee
"Mr. LI"	Mr. LI Wai Kwan
"Mr. MAK"	Mr. MAK Wing Sum Alvin
"Mr. Mark LEE"	Mr. LEE Kean Phi Mark
"Mr. YEW"	Mr. YEW Cheng Teik
"Mrs. MAK"	Mrs. MAK TANG Pik Yee Agnes

"Mrs. Yvonne LO"	Mrs. LO CHOY Yuk Ching Yvonne
"Nomination Committee" or "NC"	the Nomination Committee of the Company
"Non-executive Directors"	non-executive directors of the Company (unless the context requires otherwise)
"Ordinary Share"	ordinary share(s) of HK$0.01 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"People Committee" or "PC"	the People Committee of the Company
"PRC" or "China"	the People's Republic of China
"Principles"	the principles of good corporate governance (unless the context requires otherwise)
"Remuneration Committee" or "RC"	the Remuneration Committee of the Company
"Scheme B Participants"	the participants of the Share Award Scheme B
"Scheme Period"	a period of ten years commencing on the date of the first grant of the Share Awards being 12 October 2017
"SFO"	the Securities and Futures Ordinance of Hong Kong
"SGD"	Singapore dollars
"Share Awards"	the share awards granted under the Share Award Scheme B
"Share Award Grant Letter"	the grant letter of Share Awards
"Share Award Scheme B"	the Company's share award scheme adopted in April 2017
"Share Award Scheme B Eligible Persons"	the persons eligible of receiving Share Awards under the Share Award Scheme B
"Shareholder(s)"	the holder(s) of ordinary share(s) of HK$0.01 each in the issued capital of the Company

"Stock Exchange" or "Hong Kong Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"Sustainability Committee" or "SC"	the Sustainability Committee of the Company
"Third Amended and Restated M&A"	the third amended and restated memorandum and articles of association of the Company, adopted by special resolution passed on 3 June 2024
"Trustee"	The Core Trust Company Limited, an independent professional trustee of Share Award Scheme B
"U.K."	the United Kingdom
"US$"	United States dollars
"United States" or "USA" or "U.S." or "US"	the United States of America
"Vice Chairman"	the vice chairman of the Board

Deloitte. 德勤

TO THE SHAREHOLDERS OF CRYSTAL INTERNATIONAL GROUP LIMITED
(incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

OPINION

We have audited the consolidated financial statements of Crystal International Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 65 to 151, which comprise the consolidated statement of financial position at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and an intangible asset with indefinite useful life	
We identified the impairment assessment of goodwill and an intangible asset with indefinite useful life, namely brand name, which are allocated to the cash-generating unit of SLH Pte. Ltd. ("**SLH CGU**") of Vista Corp Holdings Limited ("**Vista**") as a key audit matter because of the significance of the balances to the consolidated statement of financial position as a whole and the significant degree of judgment made by management in the assessment process. As set out in note 4 to the consolidated financial statements, determining whether goodwill and the intangible asset with indefinite useful life are impaired requires management's estimation of the value in use of the SLH CGU business to which the goodwill and the intangible asset with indefinite useful life have been allocated. The value in use calculation requires the management of the Group to estimate the future cash flows expected to arise from the SLH CGU, which includes key assumptions for cash flow projections, including yearly growth rates of revenue, gross margin and discount rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As set out in notes 15 and 16 to the consolidated financial statements, the carrying amounts of goodwill and the intangible asset with indefinite useful life allocated to the SLH CGU of Vista are US$74,941,000 and US$31,777,000, respectively, at 31 December 2024. The management of the Group determined that there was no impairment in the SLH CGU of Vista containing goodwill and the intangible asset with indefinite useful life during the year ended 31 December 2024.	Our procedures in relation to the impairment assessment of goodwill and the intangible asset with indefinite useful life included: • Understanding the entity's key controls in relation to the impairment assessment of goodwill and the intangible asset with indefinite useful life, including the process of preparation of the future cash flow projections; • Evaluating the appropriateness of the key assumptions in the cash flow projections, including yearly growth rates of revenue and gross margin by reference to the historical performance, future business plan of the Group as well as industrial trends; • Involving our internal valuation expert to evaluate the appropriateness of the valuation methodology and the reasonableness of the discount rate used by management by performing re-calculations based on market data and certain company specific parameters; • Obtaining the sensitivity analysis performed by management and assessing the extent of impact on the value in use; and • Evaluating the historical accuracy of the forecasted cash flows by comparing them to actual results in the current year.

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realisable value of inventories	
We identified the assessment of the net realisable value of inventories as a key audit matter due to the significance of the inventories' balance to the consolidated statement of financial position as a whole and the management judgment involved in the determination of the net realisable value. As disclosed in notes 4 and 19 to the consolidated financial statements, inventories are carried at US$281,434,000, which represent approximately 21% and 12% of the Group's current assets and total assets at 31 December 2024, respectively. An expense of US$15,244,000 was recognised in profit or loss to write down the cost of inventories to their net realisable values during the year ended 31 December 2024. As disclosed in note 4 to the consolidated financial statements, the management identified slow-moving and obsolete inventories based on the aged analysis of inventory and recent or subsequent usage/sales and determined the write-down of inventories based on latest selling prices at the end of the year.	Our procedures in relation to the assessment of the net realisable value of inventories included: • Obtaining an understanding of the management's process in identifying slow-moving and obsolete inventories and determining the net realisable value of inventories; • Engaging our internal IT specialists to test the accuracy of the inventories aging list in the system generated report and assessing whether slow-moving and obsolete inventories were properly identified after taking into account subsequent sales of finished goods and subsequent usage and consumption of raw materials and work in progress; and • Comparing the actual selling prices of finished goods subsequent to year end, on a sample basis, to their carrying amounts to check whether the finished goods are stated at the lower of cost and net realisable value.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is TSE Fung Chun.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 US$'000	2023 US$'000
Revenue	5	**2,469,629**	2,177,329
Cost of sales		**(1,983,406)**	(1,759,548)
Gross profit		**486,223**	417,781
Other income, gains or losses		**30,360**	21,383
Impairment losses under expected credit loss model, net of reversal	8	**(3,255)**	2,036
Selling and distribution expenses		**(39,209)**	(26,924)
Administrative expenses		**(181,390)**	(174,365)
Research and development expenses		**(32,441)**	(32,395)
Finance costs		**(11,238)**	(13,316)
Share of results of associates		**(940)**	885
Profit before tax	6	**248,110**	195,085
Income tax expense	9	**(47,282)**	(30,963)
Profit for the year		**200,828**	164,122
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(13,667)**	(11,520)
Fair value changes on trade receivables at fair value through other comprehensive income		**(978)**	(1,133)
Impairment loss on trade receivables at fair value through other comprehensive income under expected credit loss model	8	**55**	–
		(14,590)	(12,653)
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of properties		**10,718**	4,320
Deferred tax expense arising on revaluation of properties		**(2,586)**	(1,011)
		8,132	3,309
Other comprehensive expense for the year		**(6,458)**	(9,344)
Total comprehensive income for the year		**194,370**	154,778

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2024

	NOTE	2024 US$'000	2023 US$'000
Profit for the year attributable to:			
Owners of the Company		**200,498**	163,479
Non-controlling interests		**330**	643
		200,828	164,122
Total comprehensive income for the year attributable to:			
Owners of the Company		**194,040**	154,135
Non-controlling interests		**330**	643
		194,370	154,778
Basic earnings per share for profit attributable to the owners of the Company (US cents)	10	**7.03**	5.73

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**599,409**	550,590
Right-of-use assets	13	**115,174**	100,428
Deposits paid for acquisition of property, plant and equipment	14	**22,295**	20,758
Goodwill	15	**74,941**	74,941
Intangible assets	16	**66,191**	71,108
Interests in associates	17	**11,793**	16,949
Loan receivables	18	**686**	15
Deferred taxation assets	26	**3,627**	4,753
		894,116	839,542
Current assets			
Inventories	19	**281,434**	238,990
Right-of-use assets	13	**1,465**	1,545
Trade, bills and other receivables	20	**206,086**	118,803
Trade receivables at fair value through other comprehensive income	21	**294,586**	164,491
Amounts due from related companies	30	**218**	216
Loan receivables	18	**227**	204
Tax recoverable		**2,862**	3,627
Short-term bank deposits	22	**146,744**	63,700
Bank balances and cash	22	**426,715**	543,444
		1,360,337	1,135,020
Total assets		**2,254,453**	1,974,562

Consolidated Statement of Financial Position (Continued)

At 31 December 2024

	NOTES	2024 US$'000	2023 US$'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	**3,654**	3,654
Reserves		**1,527,002**	1,430,788
Equity attributable to owners of the Company		**1,530,656**	1,434,442
Non-controlling interests		**4,790**	4,460
Total equity		**1,535,446**	1,438,902
Non-current liabilities			
Other payables	24	**352**	65
Lease liabilities	25	**17,415**	16,831
Deferred taxation liabilities	26	**36,308**	37,625
		54,075	54,521
Current liabilities			
Trade and other payables	24	**477,694**	380,904
Lease liabilities	25	**10,313**	9,355
Amounts due to associates	29	**6,663**	8,025
Tax liabilities		**23,291**	19,155
Bank borrowings	28	**146,971**	63,700
		664,932	481,139
Total equity and liabilities		**2,254,453**	1,974,562

The consolidated financial statements on pages 65 to 151 were approved and authorised for issue by the board of directors on 20 March 2025 and are signed on its behalf by:

Mr. LO Lok Fung Kenneth
DIRECTOR

Mrs. LO CHOY Yuk Ching Yvonne
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital US$'000	Share premium US$'000	Property revaluation reserve US$'000	Exchange reserve US$'000	Capital reserve US$'000	Financial instruments revaluation reserve US$'000	Retained profits US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2023	3,654	505,677	67,573	(115,239)	9,903	–	869,914	1,341,482	3,817	1,345,299
Profit for the year	–	–	–	–	–	–	163,479	163,479	643	164,122
Exchange difference arising on translation of foreign operations	–	–	–	(11,520)	–	–	–	(11,520)	–	(11,520)
Surplus on revaluation of properties	–	–	4,320	–	–	–	–	4,320	–	4,320
Deferred tax expense arising on revaluation of properties	–	–	(1,011)	–	–	–	–	(1,011)	–	(1,011)
Fair value changes on trade receivables at fair value through other comprehensive income	–	–	–	–	–	(1,133)	–	(1,133)	–	(1,133)
Total comprehensive income (expense) for the year	–	–	3,309	(11,520)	–	(1,133)	163,479	154,135	643	154,778
Dividend paid (note 11)	–	–	–	–	–	–	(61,175)	(61,175)	–	(61,175)
At 31 December 2023	3,654	505,677	70,882	(126,759)	9,903	(1,133)	972,218	1,434,442	4,460	1,438,902
Profit for the year	–	–	–	–	–	–	200,498	200,498	330	200,828
Exchange difference arising on translation of foreign operations	–	–	–	(13,667)	–	–	–	(13,667)	–	(13,667)
Surplus on revaluation of properties	–	–	10,718	–	–	–	–	10,718	–	10,718
Deferred tax expense arising on revaluation of properties	–	–	(2,586)	–	–	–	–	(2,586)	–	(2,586)
Fair value changes on trade receivables at fair value through other comprehensive income	–	–	–	–	–	(978)	–	(978)	–	(978)
Impairment loss on trade receivables at fair value through other comprehensive income under expected credit loss model	–	–	–	–	–	55	–	55	–	55
Total comprehensive income (expense) for the year	–	–	8,132	(13,667)	–	(923)	200,498	194,040	330	194,370
Dividend paid (note 11)	–	–	–	–	–	–	(97,826)	(97,826)	–	(97,826)
At 31 December 2024	3,654	505,677	79,014	(140,426)	9,903	(2,056)	1,074,890	1,530,656	4,790	1,535,446

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 US$'000	2023 US$'000
OPERATING ACTIVITIES		
Profit before tax	**248,110**	195,085
Adjustments for:		
Interest income	**(23,020)**	(18,271)
Finance costs	**11,238**	13,316
Depreciation of property, plant and equipment	**63,065**	66,035
Depreciation of right-of-use assets	**16,439**	13,433
Amortisation of intangible asset	**4,917**	4,917
Net loss arising from changes in fair value of derivative financial instruments	**154**	496
(Gain) loss on disposals of property, plant and equipment	**(515)**	124
Gain on termination of leases	**–**	(1)
Share of results of associates	**940**	(885)
Write-down of inventories	**15,244**	15,293
Deficit on revaluation of property, plant and equipment	**–**	411
Impairment loss on interest in an associate	**125**	–
Impairment loss recognised in respect of property, plant and equipment	**–**	2,042
Impairment losses recognised (reversed) under expected credit loss model	**3,255**	(2,036)
Operating cash flows before movements in working capital	**339,952**	289,959
(Increase) decrease in inventories	**(61,202)**	25,919
(Increase) decrease in trade, bills and other receivables	**(88,474)**	37,701
Increase in trade receivables at fair value through other comprehensive income	**(129,840)**	(38,709)
Increase in trade and other payables	**91,033**	47,271
Decrease in amounts due to associates	**(1,362)**	(5,692)
Cash generated from operations	**150,107**	356,449
Profits tax paid	**(44,569)**	(43,475)
NET CASH FROM OPERATING ACTIVITIES	**105,538**	312,974

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	2024 US$'000	2023 US$'000
INVESTING ACTIVITIES		
Withdrawal of short-term bank deposits	**99,913**	–
Placement of short-term bank deposits	**(182,957)**	(63,700)
Payment for property, plant and equipment	**(108,787)**	(43,927)
Settlement of consideration payable in relation to acquisition of a subsidiary	**(2,058)**	(1,100)
Payment on settlement of derivative financial instruments	**(154)**	(496)
Loan receivables advanced	**(928)**	–
Interest received	**23,020**	18,271
Loan receivables received	**214**	1,057
Proceeds on disposal of property, plant and equipment	**3,808**	1,472
NET CASH USED IN INVESTING ACTIVITIES	**(167,929)**	(88,423)
FINANCING ACTIVITIES		
Dividend paid	**(97,826)**	(61,175)
Repayment of bank borrowings	**(97,291)**	(104,809)
Repayment of lease liabilities	**(27,221)**	(22,412)
Interest paid	**(11,238)**	(13,316)
New bank borrowings raised	**179,729**	66,969
NET CASH USED IN FINANCING ACTIVITIES	**(53,847)**	(134,743)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(116,238)**	89,808
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(491)**	(1,420)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**543,444**	455,056
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**426,715**	543,444

1. GENERAL INFORMATION

Crystal International Group Limited (the "**Company**") was previously incorporated in Bermuda as an exempted company with limited liability and registered by way of continuation in the Cayman Islands as an exempted company with limited liability. The Company is directly held by its controlling shareholders, Mr. LO Lok Fung Kenneth and Mrs. LO CHOY Yuk Ching Yvonne, both executive directors of the Company. The address of the registered office of the Company is Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company is 5-7/F., AXA Tower, Landmark East, No. 100 How Ming Street, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 November 2017.

The consolidated financial statements are presented in United States dollars ("**US$**"), which is also the functional currency of the Company.

The Company is an investment holding company and the principal activities of its principal subsidiaries and associates are set out in notes 37 and 17 respectively.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"), for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Accounting Standards Amendments to IFRS	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18")

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of the acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") or groups of CGUs that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU or groups of CGUs to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU or groups of CGUs to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the CGU or groups of CGUs.

On disposal of the relevant CGU or any of the CGUs within the groups of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU or a CGU within the groups of CGUs, the amount of goodwill disposed of is measured on the basis of the relative values of the operation or the CGU disposed of and the portion of the CGU or the groups of CGUs retained.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates (Continued)

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using accounting policies that are uniform with those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes result in changes in ownership interest held by the Group. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interests in associates may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies IFRS 9 "Financial Instruments" ("**IFRS 9**"), including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 "Investments in Associates and Joint Ventures" ("**IAS 28**") (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposal of the interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, that better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

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

The Group adopts the practical expedient or not separating non-lease components from the lease component, instead accounting for the lease component and any associated non-lease components as a single lease component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The costs of right-of-use assets include:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight line basis over the shorter of their estimated useful lives and the lease terms.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments which are payments that may, in form, contain variability but that, in substance, are unavoidable) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option that is reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the Group considers it will probably exercise the termination option.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of use asset) when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option, or a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "**lease modifications**"). When lease liabilities are remeasured, corresponding adjustments are made to the carrying amount of the right-of-use assets.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

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

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

The Group accounts for the remeasurement of lease liabilities and lease incentives from a lessor by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress) and are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for such assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, similarly to other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

When the Group pays for ownership interests in properties, including both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, an interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between the non-lease building element and the undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

The Group performs revaluations of the properties with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any increase arising on/from revaluation of leasehold land and owned properties is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of an item of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, any attributable revaluation surplus is transferred to retained profits.

Depreciation is recognised to write off the cost or revalued amounts of items of property, plant and equipment (other than construction in progress and freehold land) less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is recognised as an expense in the period in which it is incurred when it results in no internally-generated intangible asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that they may be impaired.

The recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or groups of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or groups of CGUs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or a portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of groups of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to those groups of CGUs, with the recoverable amount of the groups of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or groups of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or groups of CGUs. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or groups of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU or groups of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Bank balances and cash

Bank balances and cash presented in the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation of which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented in the "other income, gains or losses" line item.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to have the contributions made.

For the defined benefit plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, the Group remeasures the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions in valuing plan liabilities and the consequent plan surplus or deficit before and after the plan amendment, curtailment or settlement, no consideration being given to the effect of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. If the Group remeasures the net defined benefit liability or asset before the plan amendment, curtailment or settlement, the Group determines the net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement. In doing so, the Group uses the plan liabilities and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Retirement benefit costs (Continued)

Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation or asset recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plan. Any such surplus is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Termination benefits

Termination benefits result from either the Group's decision to terminate an employee's employment or an employee's decision to accept the Group's offer of benefits in exchange for termination of employment. The Group recognises a liability for benefits at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees render the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers, which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Interest income recognised on financial assets at amortised cost and FVTOCI

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Receivables classified at FVTOCI

Subsequent changes in the carrying amounts for receivables classified at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. The amounts that are recognised in profit or loss are the same amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other income, gains or losses" line item.

Impairment of financial assets and a financial guarantee contract

The Group performs impairment assessment under the expected credit loss ("**ECL**") model on financial assets (including trade, bills and other receivables, loan advanced to an associate, trade receivables at FVTOCI, loan receivables, amounts due from related companies, short-term bank deposits and bank balances) and a financial guarantee contract which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and a financial guarantee contract (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are made based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without any significant financing component. The ECL on these assets is assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and a financial guarantee contract (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial asset is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" in accordance with globally understood definitions.

For the financial guarantee contract, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of corporate guarantee, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the Group is able to identify significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above assessment, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and a financial guarantee contract (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed in liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and a financial guarantee contract (Continued)

(v) Measurement and recognition of ECL (Continued)

For the financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost of the financial asset.

Except for trade receivables that are measured at FVTOCI and the financial guarantee contract, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For trade receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income without reducing the carrying amount of these receivables. Such amount represents the changes in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other income, gains or losses” line item as part of the net foreign exchange gains or losses;

- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the “other income, gains or losses” line item as part of the net foreign exchange gains or losses. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income under the heading of financial instruments revaluation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of receivables classified at FVTOCI, the cumulative gain or loss previously accumulated in the financial instruments revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities other than derivatives (including trade and other payables, amounts due to associates and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Corporate guarantee liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income, gains or losses" line item in profit or loss as part of net foreign exchange gains or losses for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is credited or charged to profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of lease terms of contracts with extension or termination options

The Group applies judgment to determine the lease terms for lease contracts in which it is a lessee that include extension or termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. A lease is considered no longer enforceable when the Group, as the lessee, and lessor both have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The assessment of whether the Group is reasonably certain to exercise extension or termination options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed when a significant event or a significant change in circumstances occurs affecting the assessment and that is within the control of the lessee.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below market rates);

- the extent of leasehold improvements undertaken by the Group; and

- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

During the year ended 31 December 2024, no (2023: no) additional/reduction of right-of-use assets and lease liabilities have been recognised in relation to the exercise of the extension or termination options.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of goodwill and intangible assets allocated to the SLH CGU of Vista Corp Holdings Limited ("Vista")

Customer relationship with finite useful life is reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable at the end of the reporting period. In the opinion of the directors of the Company, there are no indicators of impairment (including adverse changes to financial performance such as profit margin, adverse changes to continuing customer portfolios etc.) identified for customer relationship at 31 December 2024.

Goodwill and brand name with an indefinite useful life are reviewed for impairment annually, irrespective of whether there is any indication that they may be impaired. Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the CGU to which the goodwill and intangible assets have been allocated. The recoverable amount of the CGU at the end of the reporting period is based on the higher of the fair value less costs of disposal and value in use. The value in use calculation requires the management of the Group to estimate the future cash flows expected to arise from the CGU, which includes key assumptions for cash flow projections including yearly growth rates of revenue, gross margin and discount rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. The estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, energy security concerns, cyberattacks, elections in major economies, and international conflicts and tensions, potentially disrupting the Group's operation.

The Group has not recognised an impairment loss during the year since the recoverable amount of the SLH CGU of Vista, which includes goodwill and intangible assets, exceeds its carrying amount in both years.

At 31 December 2024, the carrying amounts of goodwill and intangible assets allocated to the SLH CGU of Vista are US$74,941,000 and US$66,191,000 (2023: US$74,941,000 and US$71,108,000), respectively (see notes 15 and 16).

Assessment of the net realisable value of inventories

Inventories are stated at the lower of cost and net realisable values. The management of the Group is required to exercise judgment in identifying slow-moving and obsolete inventories and to determine the write-down of inventories based on the latest selling prices and market conditions at the end of the year. The identification of slow-moving and obsolete inventories is based on the aged analysis of inventory and recent or subsequent usages/sales. Actual net realisable values being lower than expectation will impact the carrying amounts of inventories.

At 31 December 2024, the carrying amount of inventories is US$281,434,000 (2023: US$238,990,000) (see note 19). During the year ended 31 December 2024, an expense of US$15,244,000 (2023: US$15,293,000) was recognised in profit or loss to write down the cost of inventories to their net realisable values.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurement of land and owned properties

Certain of the Group's land and owned properties are measured at fair value for financial reporting purposes. The directors of the Company are responsible for determining the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Whilst the Group considers these valuations are the best estimates, the ongoing international conflicts and tensions and market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment may cause further disruptions to the Group's business. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs not based on observable market data to estimate the fair value of properties. Note 12 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the properties. Changes in inputs and assumptions could result in material adjustments to the fair value of the properties.

At 31 December 2024, the carrying amounts of land and owned properties at valuation are US$370,047,000 (2023: US$350,519,000) (see note 12).

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. The directors of the Company review their carrying amounts whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable at the end of the reporting period. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In determining whether an asset is impaired, the directors of the Company have to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred, or there is any indicator that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount that, in the case of value in use, is the net present value of future cash flows from the continuous use of the asset, which are estimated using an appropriate discount rate and other key assumptions in the cash flow projection. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the directors of the Company estimate the recoverable amount of the CGU to which the asset belongs. Changing the assumptions and estimates, including the discount rate or the growth rate in the cash flow projection, could materially affect the recoverable amount.

After considering the events and circumstances mentioned in notes 6 and 12 which indicate the carrying amounts of certain property, plant and equipment may not be recovered, impairment loss of US$2,042,000 (2024: nil) was recognised in profit or loss during the year ended 31 December 2023. In the opinion of the directors of the Company, there was no other indicator of impairment (including obsolescence or physical damage and low utilisation rates of property, plant and equipment) identified for the property, plant and equipment and right-of-use assets at the end of the reporting period.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets (Continued)

At 31 December 2024, the carrying amounts of property, plant and equipment and right-of-use assets are US$599,409,000 (2023: US$550,590,000) and US$116,639,000 (2023: US$101,973,000), respectively (see notes 12 and 13).

Provision of ECL for trade receivables

Trade receivables are assessed for ECL individually. The provision rates are based on the Group's historical default rates and forward-looking information that is reasonable, supportable and available without undue cost or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by international conflicts and tensions and the volatility or disruptions in energy and financial markets, the Group has reassessed the expected loss rates in the current year as there may be a higher risk that a prolonged volatility or disruptions in energy, financial, foreign currency or commodity markets could led to increased credit default rates. The information about the ECL and the Group's trade receivables is disclosed in note 32.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the manufacturing and trading of garments. All revenue generated by the Group is recognised at the point when control of the goods has transferred to the customers, being when the goods have arrived at the specific location (delivery).

The Group sells garments directly to its customers and revenue is recognised when control of the goods has transferred, being when the goods have arrived at the specific location (delivery). Transportation and other related activities that occur before the customers obtain control of the related goods are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. The Group allows credit periods ranging from 14 to 120 days to its trade customers. The Group allows certain of its trade customers an early settlement discount when the trade customers settle the consideration before the credit period granted. The sales to these trade customers are recognised as revenue when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group considers the early settlement discount is a form of cash discount and, accordingly the amount of consideration is adjusted for the effect of the expected early settlement discount for each sales transaction based on the settlement pattern of the trade customers.

The contracts for sales of garments are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information

Information reported to the chief executive officer of the Group, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performances, focuses on types of products.

(i) Lifestyle wear

(ii) Sportswear and outdoor apparel

(iii) Denim

(iv) Intimate

(v) Sweater

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Year ended 31 December 2024

	Lifestyle wear US$'000	Sportswear and outdoor apparel US$'000	Denim US$'000	Intimate US$'000	Sweater US$'000	Total US$'000
SEGMENT REVENUE						
External sales	694,237	554,603	518,920	434,782	267,087	2,469,629
Segment profit	134,591	114,490	85,047	90,473	61,622	486,223
Other income, gains or losses						30,360
Impairment losses under expected credit loss model, net of reversal						(3,255)
Selling and distribution expenses						(39,209)
Administrative expenses						(181,390)
Research and development expenses						(32,441)
Finance costs						(11,238)
Share of results of associates						(940)
Profit before tax						248,110

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2023

	Lifestyle wear US$'000	Sportswear and outdoor apparel US$'000	Denim US$'000	Intimate US$'000	Sweater US$'000	Total US$'000
SEGMENT REVENUE						
External sales	607,618	477,521	473,181	396,359	222,650	2,177,329
Segment profit	116,978	96,182	76,001	81,310	47,310	417,781
Other income, gains or losses						21,383
Impairment losses under expected credit loss model, net of reversal						2,036
Selling and distribution expenses						(26,924)
Administrative expenses						(174,365)
Research and development expenses						(32,395)
Finance costs						(13,316)
Share of results of associates						885
Profit before tax						195,085

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other income, gains or losses, impairment losses under expected credit loss model, net of reversal, selling and distribution expenses, administrative expenses, research and development expenses, finance costs and share of results of associates. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Certain amounts of depreciation of property, plant and equipment and right-of-use assets are included in the measure of segment results in each segment. No further analysis is presented for certain items included or excluded in the measure of segment results as such information is not regularly provided to the CODM.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Revenue from major customers

Revenue from a customer individually contributing over 10% of the Group's revenue is as follows:

	Segment	2024 US$'000	2023 US$'000
Customer A	Lifestyle wear, Sportswear and outdoor apparel, Denim, Intimate and Sweater	898,614	712,836

Geographical information

Information about the Group's revenue is presented below by geographical location based on port of discharge:

	2024 US$'000	2023 US$'000
Asia Pacific (note i)	982,088	877,298
North America	942,461	843,110
Europe (note ii)	480,265	386,039
Other countries/regions	64,815	70,882
	2,469,629	2,177,329

Notes:

(i) Asia Pacific primarily includes Japan, the People's Republic of China (the "**PRC**") and South Korea.

(ii) Europe primarily includes the United Kingdom (the "**U.K.**"), France, Germany and the Netherlands.

Information about the Group's non-current assets other than defined benefit assets, deferred taxation and financial instruments is presented below by geographical location of the assets:

	2024 US$'000	2023 US$'000
Asia Pacific (note i)	876,766	818,500
Europe (note ii)	137	149
	876,903	818,649

Notes:

(i) Asia Pacific primarily includes Bangladesh, Cambodia, Hong Kong, the PRC, Singapore, Sri Lanka and Vietnam.

(ii) Europe primarily includes the U.K..

6. PROFIT BEFORE TAX

	2024 US$'000	2023 US$'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments (note 7)	6,460	5,692
Other staff costs	530,846	459,919
Redundancy costs (note a)	–	863
Retirement benefit schemes contributions for other staff	57,692	50,269
Total staff costs (note d)	594,998	516,743
Auditors' remuneration:		
– audit services	824	956
– non-audit services	214	339
Cost of inventories recognised as expenses (including write-down of inventories amounting to US$15,244,000 (2023: US$15,293,000)) (note d)	1,983,406	1,757,802
Depreciation of property, plant and equipment (note d)	63,065	66,035
Depreciation of right-of-use assets (note d)	16,439	13,433
Amortisation of intangible asset (included in selling and distribution expenses)	4,917	4,917
Impairment loss on interest in an associate	125	–
Impairment loss recognised in respect of property, plant and equipment (note b)	–	2,042
Deficit on revaluation of property, plant and equipment	–	411
(Gain) loss on disposals of property, plant and equipment	(515)	124
Gain on termination of leases	–	(1)
Net loss arising from changes in fair value of derivative financial instruments	154	496
Interest income	(23,020)	(18,271)
Net foreign exchange loss	7,022	11,093
Government grants (note c)	(5,913)	(4,342)
Finance costs:		
– interest expense on lease liabilities	1,364	1,333
– interest on bank borrowings	3,131	4,176
– interest on factoring arrangement	6,743	7,807

6. PROFIT BEFORE TAX (Continued)

Notes:

(a) During the year ended 31 December 2023, the Group had performed a review of all production sites in the PRC and Bangladesh and had decided a rightsizing plan to improve business performance and profitability. As a result, redundancy cost amounting to US$863,000 was charged to profit or loss.

(b) During the year ended 31 December 2023, as a result of the rightsizing of production sites in the PRC and Bangladesh, an impairment loss amounting to approximately US$2,042,000 in respect of property, plant and equipment was recognised and charged to profit or loss, in which US$1,746,000 and US$296,000 were included in the "cost of sales" and "administrative expenses" line items respectively.

(c) During the year ended 31 December 2024, the Group recognised government grants of US$5,913,000 (2023: US$4,342,000) from government authorities in different countries to support the operations of subsidiaries of the Company.

(d) Cost of inventories recognised as expenses include staff costs, depreciation of property, plant and equipment and depreciation of right-of-use assets used for production, which amounts are also included in the respective total amounts disclosed separately above.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

Details of the emoluments paid or payable to the directors of the Company during the current year are as follows:

	Fees US$'000	Salaries and allowances US$'000	Performance-based bonuses US$'000 (note iii)	Retirement benefit schemes contributions US$'000	Total US$'000
For the year ended 31 December 2024					
Executive directors (note i):					
Mr. LO Lok Fung Kenneth	–	706	–	–	706
Mrs. LO CHOY Yuk Ching Yvonne	–	366	–	–	366
Mr. LO Ching Leung Andrew (note iv)	–	846	1,223	17	2,086
Mr. WONG Sing Wah	–	793	1,076	43	1,912
Mr. LO Howard Ching Ho	–	441	557	24	1,022
Non-executive directors (note ii):					
Mr. LEE Kean Phi Mark (note v)	46	–	–	–	46
Mr. WONG Chi Fai (note vi)	46	–	–	–	46
Independent non-executive directors (note ii):					
Mr. CHANG George Ka Ki	67	–	–	–	67
Mr. MAK Wing Sum Alvin	77	–	–	–	77
Mr. WONG Siu Kee	69	–	–	–	69
Mrs. MAK TANG Pik Yee, Agnes	63	–	–	–	63
	368	3,152	2,856	84	6,460

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' emoluments (Continued)

	Fees US$'000	Salaries and allowances US$'000	Performance-based bonuses US$'000 (note iii)	Retirement benefit schemes contributions US$'000	Total US$'000
For the year ended 31 December 2023					
Executive directors (note i):					
Mr. LO Lok Fung Kenneth	–	704	–	–	704
Mrs. LO CHOY Yuk Ching Yvonne	–	365	–	–	365
Mr. LO Ching Leung Andrew (note iv)	–	819	899	16	1,734
Mr. WONG Chi Fai (re-designated as non-executive director on 1 February 2023) (note vi)	–	35	–	1	36
Mr. WONG Sing Wah	–	771	788	41	1,600
Mr. LO Howard Ching Ho	–	427	438	24	889
Non-executive directors (note ii):					
Mr. LEE Kean Phi Mark (note v)	46	–	–	–	46
Mr. WONG Chi Fai (re-designated as non-executive director on 1 February 2023) (note vi)	42	–	–	–	42
Independent non-executive directors (note ii):					
Mr. CHANG George Ka Ki	67	–	–	–	67
Mr. MAK Wing Sum Alvin	77	–	–	–	77
Mr. WONG Siu Kee	69	–	–	–	69
Mrs. MAK TANG Pik Yee, Agnes	63	–	–	–	63
	364	3,121	2,125	82	5,692

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' emoluments (Continued)

Notes:

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(ii) The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(iii) The amounts represent performance-based bonuses paid to the directors to reward their contributions to the Group, based on the performance of the Group.

(iv) Mr. LO Ching Leung Andrew is also the Chief Executive Officer of the Company during the years ended 31 December 2024 and 2023.

(v) Mr. LEE Kean Phi Mark entered into an agreement with a wholly owned subsidiary of the Company as a consultant of the Group with an annual fee of Singapore dollars ("**SGD**") 432,000 (equivalent to approximately US$324,000) (2023: SGD432,000 (equivalent to approximately US$321,000)). During the year ended 31 December 2024, Mr. LEE Kean Phi Mark received consultation fee of SGD432,000 (equivalent to approximately US$324,000) (2023: SGD428,500 (equivalent to approximately US$319,000)) from the Group.

(vi) Mr. Wong Chi Fai's wholly owned company entered into an agreement with a wholly owned subsidiary of the Company as a consultant of the Group with an annual fee of HK$2,990,000 (equivalent to approximately US$383,000) (2023: HK$2,990,000 (equivalent to approximately US$382,000)). During the year ended 31 December 2024, Mr. Wong Chi Fai's wholly owned company received consultation fee of approximately HK$2,990,000 (equivalent to approximately US$383,000) (2023: HK$2,733,000 (equivalent to approximately US$349,000)) from the Group.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

The Group has been providing accommodation, which is leased from companies controlled by certain directors of the Company, for directors and their family members at no charge. The estimated money value of the benefit in kind is approximately US$1,262,000 (2023: US$1,251,000).

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid individuals' emoluments

The five individuals with the highest emoluments in the Group include 3 (2023: 3) directors of the Company. The emoluments of the five highest paid individuals are as follows:

	2024	2023
	US$'000	US$'000
Salaries and allowances	**3,055**	2,937
Performance-based bonuses (note)	**3,831**	2,881
Retirement benefit schemes contributions	**123**	119
	7,009	5,937

Note: The amounts represent performance-based bonuses paid to the five highest paid individuals to reward their contributions to the Group.

Their emoluments were within the following bands (presented in Hong Kong dollars ("**HK$**")):

	Number of directors		Number of employees	
	2024	2023	**2024**	2023
HK$6,000,001 to HK$6,500,000	**–**	–	–	1
HK$6,500,001 to HK$7,000,000	**–**	1	–	–
HK$7,000,001 to HK$7,500,000	**–**	–	1	1
HK$7,500,001 to HK$8,000,000	**1**	–	–	–
HK$8,000,001 to HK$8,500,000	**–**	–	1	–
HK$12,500,001 to HK$13,000,000	**–**	1	–	–
HK$13,500,001 to HK$14,000,000	**–**	1	–	–
HK$14,500,001 to HK$15,000,000	**1**	–	–	–
HK$16,000,001 to HK$16,500,000	**1**	–	–	–
	3	3	2	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the years ended 31 December 2024 and 2023.

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 US$'000	2023 US$'000
Impairment losses (recognised) reversed in respect of		
– trade and other receivables at amortised cost	25	2,036
– trade receivables at FVTOCI	(55)	–
– loan advanced to an associate	(3,225)	–
	(3,255)	2,036

Details of the impairment assessment are set out in note 32.

9. INCOME TAX EXPENSE

	2024 US$'000	2023 US$'000
The income tax expense comprises:		
Hong Kong Profits Tax		
– current year	24,593	17,744
– over-provision in prior years	(121)	(183)
Overseas taxation		
– current year	25,094	18,442
– under-provision in prior years	112	634
	49,678	36,637
Deferred taxation (note 26)	(2,396)	(5,674)
	47,282	30,963

In March 2018, the Hong Kong Government introduced the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

9. INCOME TAX EXPENSE (Continued)

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Certain subsidiaries incorporated in Cambodia are exempted from tax on profit in both years while they fulfil certain requirements pursuant to the relevant laws and regulations in Cambodia.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

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

	2024 **US$'000**	2023 US$'000
Profit before tax	**248,110**	195,085
Tax at the Hong Kong Profits Tax rate of 16.5%	**40,938**	32,189
Tax effect of expenses not deductible for tax purpose	**6,057**	8,221
Tax effect of income not taxable for tax purpose	**(3,391)**	(1,606)
Tax effect of deductible temporary differences not recognised	**616**	337
Tax effect of recognition of tax losses previously not recognised	**–**	(3,887)
Tax effect of tax losses not recognised	**820**	673
Utilisation of tax losses previously not recognised	**(287)**	(1,112)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**937**	(3,889)
Effect of withholding tax on dividend declared and undistributed earnings of the PRC subsidiaries	**1,601**	(414)
(Over)under-provision in prior years	**(9)**	451
Income tax expense for the year	**47,282**	30,963

Details of deferred taxation are set out in note 26.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2024 US$'000	2023 US$'000
Earnings:		
Profit for the year attributable to the owners of the Company for the purpose of calculating basic earnings per share	**200,498**	163,479
	'000	'000
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,852,822**	2,852,822

No diluted earnings per share was presented for the years ended 31 December 2024 and 2023 as there were no potential dilutive ordinary shares in issue during both years.

11. DIVIDENDS

	2024 US$'000	2023 US$'000
Final, paid – HK13.0 cents per ordinary share for 2023 (2023: HK11.8 cents per ordinary share for 2022)	**47,434**	42,988
Interim, paid – HK13.8 cents per ordinary share for 2024 (2023: HK5.0 cents per ordinary share for 2023)	**50,392**	18,187
	97,826	61,175

Subsequent to the end of the reporting period, a special dividend of HK5.5 cents (2023: nil) per ordinary share in total of approximately HK$156,905,000 (equivalent to approximately US$20,209,000) (2023: nil) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

A final dividend of HK19.0 cents (2023: HK13.0 cents) per ordinary share in total of approximately HK$542,036,000 (equivalent to approximately US$69,814,000) (2023: HK$370,867,000 (equivalent to approximately US$47,434,000)), in respect of the year ended 31 December 2024 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and owned properties US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Computer equipment and software US$'000	Construction in progress US$'000	Total US$'000
COST OR VALUATION								
At 1 January 2023	376,341	60,454	447,453	101,678	7,118	44,970	43,032	1,081,046
Exchange realignment	(9,406)	(899)	(7,434)	(2,129)	(91)	(685)	(1,460)	(22,104)
Additions	1,226	797	16,151	4,098	283	4,082	21,252	47,889
Transfers	4,109	14	8,626	1,227	–	855	(14,831)	–
Disposals	(686)	(5,366)	(6,585)	(3,281)	(903)	(1,302)	–	(18,123)
Deficit on revaluation through profit and loss	(411)	–	–	–	–	–	–	(411)
Deficit on revaluation through other comprehensive income	(10,359)	–	–	–	–	–	–	(10,359)
At 31 December 2023	360,814	55,000	458,211	101,593	6,407	47,920	47,993	1,077,938
Exchange realignment	(11,433)	(700)	(10,409)	(2,601)	(89)	(755)	(5,050)	(31,037)
Additions	16,913	3,887	35,636	7,102	884	3,375	55,214	123,011
Transfers	22,071	1,588	15,032	3,278	216	258	(42,443)	–
Disposals	(2,102)	(4,675)	(8,583)	(3,139)	(441)	(773)	(223)	(19,936)
Deficit on revaluation through other comprehensive income	(4,575)	–	–	–	–	–	–	(4,575)
At 31 December 2024	381,688	55,100	489,887	106,233	6,977	50,025	55,491	1,145,401
Comprising:								
At cost	11,641	55,100	489,887	106,233	6,977	50,025	55,491	775,354
At valuation	370,047	–	–	–	–	–	–	370,047
At 31 December 2024	381,688	55,100	489,887	106,233	6,977	50,025	55,491	1,145,401
Comprising:								
At cost	10,295	55,000	458,211	101,593	6,407	47,920	47,993	727,419
At valuation	350,519	–	–	–	–	–	–	350,519
At 31 December 2023	360,814	55,000	458,211	101,593	6,407	47,920	47,993	1,077,938
DEPRECIATION AND IMPAIRMENT								
At 1 January 2023	1,646	50,259	315,750	85,785	5,715	39,549	–	498,704
Exchange realignment	–	(931)	(4,801)	(1,811)	(80)	(604)	–	(8,227)
Provided for the year	15,041	3,053	38,235	6,018	435	3,253	–	66,035
Impairment loss recognised in profit or loss (note i)	–	271	1,542	118	–	111	–	2,042
Eliminated on disposals	(9)	(5,299)	(5,790)	(3,245)	(883)	(1,301)	–	(16,527)
Eliminated on revaluation	(14,679)	–	–	–	–	–	–	(14,679)
At 31 December 2023	1,999	47,353	344,936	86,865	5,187	41,008	–	527,348
Exchange realignment	320	(216)	(9,407)	(2,449)	(80)	(653)	–	(12,485)
Provided for the year	16,798	2,365	33,352	6,653	461	3,436	–	63,065
Eliminated on disposals	(945)	(4,011)	(7,412)	(3,091)	(439)	(745)	–	(16,643)
Eliminated on revaluation	(15,293)	–	–	–	–	–	–	(15,293)
At 31 December 2024	2,879	45,491	361,469	87,978	5,129	43,046	–	545,992
CARRYING VALUES								
At 31 December 2024	378,809	9,609	128,418	18,255	1,848	6,979	55,491	599,409
At 31 December 2023	358,815	7,647	113,275	14,728	1,220	6,912	47,993	550,590

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) For the year ended 31 December 2023, as a result of the rightsizing of production sites in the PRC and Bangladesh), the Group carried out a review of the recoverable amount of the related property, plant and equipment based on a value in use calculation and an impairment loss of approximately US$2,042,000 was recognised in profit or loss.

(ii) At 31 December 2024, for buildings with carrying values of US$3,300,000 (2023: US$3,300,000), no real estate title certificate has been issued. The Group is in the process of applying for the building ownership certificates.

The above items of property, plant and equipment, except for freehold land and construction in progress, are depreciated on a straight line basis at the following rates per annum:

Owned properties	1–5%
Leasehold improvements	5–20% or over the term of the relevant lease, if shorter
Plant and machinery	10–50%
Furniture, fixtures and office equipment	12½–50%
Motor vehicles	20–25%
Computer equipment and software	20–33¹/₃%

Fair value measurement of the Group's owned properties

Certain of the Group's owned properties were valued on 31 December 2024 and 2023 by independent firms of professional property valuers not related to the Group. The fair values of certain owned properties in Bangladesh, Cambodia and Singapore were determined based on the market comparable approach reflecting recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of certain owned properties under review. The fair values of certain owned properties in the PRC, Cambodia and Vietnam (2023: the PRC, Cambodia, Sri Lanka and Vietnam) were determined based on the depreciated replacement cost approach by estimating the current gross replacement costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. The fair values of certain owned properties in Sri Lanka were determined based on the income capitalisation approach by converting expected income for owned properties to current value in accordance with relevant discount rates. Due to relevant market comparable information became available in the market, the directors of the Company considered that income capitalisation method is more appropriate for the valuation of owned properties located in Sri Lanka at 31 December 2024 as there are relatively more market available data in respect of comparable market rents and transactions. The valuation technique is changed from depreciated replacement cost approach to income capitalisation method during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

For the market comparable approach, the key unobservable input used in valuing the owned properties was the price per square metre, which ranged from US$23 to US$1,543 (2023: US$23 to US$1,386). A slight increase in the price per square metre used would result in a significant increase in the fair value measurement of the owned properties, and vice versa.

For the depreciated replacement cost approach, the key unobservable input used in valuing the owned properties was the replacement cost per square metre, which ranged from US$49 to US$265 (2023: US$56 to US$279). A slight increase in the replacement cost per square metre used would result in a significant increase in the fair value measurement of the owned properties, and vice versa.

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's owned properties (Continued)

For the income capitalisation approach, the two key unobservable inputs used are the capitalisation rates and monthly market rent, which ranged from 8.5% to 9.0% (2023: 8.5% to 9.5%) and US$6,000 to US$33,000 (2023: US$5,000 to US$25,000), respectively. A slight increase in the capitalisation rate or decrease in monthly market rent would result in a significant decrease in the fair value measurement, and vice versa.

Details of the Group's owned properties and information about the fair value hierarchy at 31 December 2024 and 2023 are as follows:

	Level 3 US$'000	Fair Value at 31.12.2024 US$'000	Level 3 US$'000	Fair Value at 31.12.2023 US$'000
Owned properties outside Hong Kong	**370,047**	**370,047**	350,519	350,519

The reconciliation of the fair value changes of the Group's owned properties:

	US$'000
At 1 January 2023	369,211
Addition	777
Transfer from construction in progress	1,383
Disposal	(677)
Depreciation provided for the year	(14,690)
Increase in fair value recognised in other comprehensive income	4,320
Decrease in fair value recognised in profit and loss	(411)
Exchange realignment	(9,394)
At 31 December 2023	**350,519**
Addition	**16,913**
Transfer from construction in progress	**22,071**
Disposal	**(1,157)**
Depreciation provided for the year	**(15,919)**
Increase in fair value recognised in other comprehensive income	**10,718**
Exchange realignment	**(13,098)**
At 31 December 2024	**370,047**

There were no transfers into or out of Level 3 during both years.

Had owned properties at valuation been carried at cost less accumulated depreciation, the aggregate carrying values of owned properties would have been approximately US$282,445,000 (2023: US$270,200,000).

At 31 December 2024, property, plant and equipment with carrying values of approximately US$1,574,000 (2023: US$1,705,000) have been pledged to banks to secure general banking facilities granted to the Group.

13. RIGHT-OF-USE ASSETS

	Leasehold land US$'000	Leasehold buildings US$'000	Plant and machinery US$'000	Office equipment US$'000	Motor vehicles US$'000	Total US$'000
At 31 December 2024						
Carrying amount	**94,633**	**21,657**	**7**	**186**	**156**	**116,639**
At 31 December 2023						
Carrying amount	81,728	19,972	18	191	64	101,973
For the year ended 31 December 2024						
Depreciation charge	**4,220**	**11,611**	**413**	**94**	**101**	**16,439**
For the year ended 31 December 2023						
Depreciation charge	2,071	10,988	32	117	225	13,433

	2024 US$'000	2023 US$'000
Analysed for reporting purposes as:		
Non-current assets	**115,174**	100,428
Current assets	**1,465**	1,545
	116,639	101,973

During the year ended 31 December 2024, the total cash outflows for leases (representing payments of principal and interest) and additions to right-of-use assets were US$28,585,000 and US$34,994,000 (2023: US$23,745,000 and US$19,144,000), respectively.

For both years, the Group has leased various offices, factories, warehouses, equipment, staff quarters and vehicles for its operations. Lease contracts are entered into for fixed terms of 1 month to 60 years (2023: 1 month to 60 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

13. RIGHT-OF-USE ASSETS (Continued)

The Group has extension and/or termination options for several leases of factories and staff quarters. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

At the lease commencement date, the Group assesses whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for (i) extension options which the Group is not reasonably certain to exercise and (ii) termination options which the Group is not reasonably certain not to exercise is summarised below:

	2024		2023	
	Lease liabilities recognised US$'000	Potential future lease payments not included in lease liabilities (undiscounted) US$'000	Lease liabilities recognised US$'000	Potential future lease payments not included in lease liabilities (undiscounted) US$'000
Leasehold buildings	4,904	6,385	6,656	6,345

The Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2024 and 2023, there was no such triggering event.

Restrictions on leases

In addition, lease liabilities of US$27,728,000 (2023: US$26,186,000) were recognised with related right-of-use assets of US$26,125,000 (2023: US$24,533,000) at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 25.

14. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment and the related capital commitments are disclosed in note 33.

15. GOODWILL

	US$'000
COST	
At 1 January 2023, 31 December 2023 and 31 December 2024	74,941

Note:

For the purpose of impairment testing, goodwill and brand name (note 16) of approximately US$74,941,000 (2023: US$74,941,000) and US$31,777,000 (2023: US$31,777,000), respectively, have been allocated to the SLH CGU representing Vista.

The recoverable amount of the SLH CGU of Vista at 31 December 2024 has been determined based on its value in use calculation. That calculation uses cash flow projections based on financial projections approved by management of the Group covering a five-year period with a pre-tax discount rate of 13.4% (2023: 14.5%), yearly growth rate of revenue of 3% (2023: 5–10%) and gross margins of 15.5% (2023: 15.5%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2023: 3%) growth rate. Management believes that the growth rate does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash flows, which includes projected sales. The estimation of the key assumptions is based on the past performance of Vista and management's expectations of market conditions. The Group has not recognised an impairment loss during the year ended 31 December 2024 (2023: nil) based on the impairment assessment performed.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the SLH CGU of Vista to exceed the recoverable amount of the SLH CGU of Vista. The recoverable amount of the SLH CGU of Vista exceeds its carrying amount by US$133,241,000 (2023: US$128,105,000) at 31 December 2024.

16. INTANGIBLE ASSETS

	Customer relationship US$'000	Brand name US$'000	Total US$'000
COST			
At 1 January 2023, 31 December 2023 and 31 December 2024	73,750	31,777	105,527
AMORTISATION			
At 1 January 2023	29,502	–	29,502
Provided for the year	4,917	–	4,917
At 31 December 2023	**34,419**	**–**	**34,419**
Provided for the year	**4,917**	**–**	**4,917**
At 31 December 2024	**39,336**	**–**	**39,336**
CARRYING VALUES			
At 31 December 2024	**34,414**	**31,777**	**66,191**
At 31 December 2023	39,331	31,777	71,108

For the purpose of impairment testing, brand name has been allocated to the SLH CGU representing Vista (note 15).

Customer relationship and brand name acquired in the business combination are identified and recognised as intangible assets.

Customer relationship is amortised over the estimated useful life of 15 years on a straight line basis. Brand name is treated as having an indefinite useful life because it is expected to contribute to net cash inflows to the Group indefinitely. Therefore, it is not amortised until its useful life is determined to be finite.

17. INTERESTS IN ASSOCIATES

	2024 US$'000	2023 US$'000
Cost of unlisted investments in associates, less impairment (note a)	–	125
Share of post-acquisition (loss) profit and other comprehensive (expense) income, net of dividend received	(1,107)	699
	(1,107)	824
Deemed contribution to an associate, net (notes b and c)	12,900	16,125
	11,793	16,949

Notes:

(a) At 31 December 2024, in view of the deterioration of an associate's financial performance, the Group performed impairment assessment on an associate and an impairment loss of US$125,000 (2023: nil) was recognised and charged to profit or loss.

(b) At 31 December 2024 and 2023, deemed contribution to an associate of US$16,125,000 represents a loan advanced to an associate which is unsecured, interest-free and without fixed repayment terms. In the opinion of the directors of the Company, the loan in substance forms part of the investment in the associate.

(c) At 31 December 2024, the management has performed impairment assessment under ECL model on loan advanced to an associate and an impairment loss of US$3,225,000 (2023: nil) was recognised and charged to profit or loss. Details of the loss allowance for loan advanced to an associate are set out in note 32.

At 31 December 2024 and 2023, the Group has interests in the following associates:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activity
PCGT Limited	Hong Kong	Ordinary	25%	25%	Trading of textile products
PC Textiles Trading Limited	Hong Kong	Ordinary	25%	25%	Trading of textile products

The above associates are accounted for using the equity method in these consolidated financial statements.

17. INTERESTS IN ASSOCIATES (Continued)

Information of associates that is not material

	2024 US$'000	2023 US$'000
The Group's share of (loss) profit for the year	**(940)**	885
The Group's share of other comprehensive expense for the year	**(866)**	(312)
The Group's share of total comprehensive (expense) income for the year	**(1,806)**	573
The Group's share of the net (liabilities) assets of the associates	**(982)**	824

18. LOAN RECEIVABLES

Except for the amounts of approximately US$896,000 (2023: US$187,000) which carry interest rate at 3.8% (2023: 3.8%) per annum, the amounts are unsecured, interest-free. These amounts are repayable by instalments until 2025 and 2029 (2023: until 2024 and 2025). Details of the impairment assessment are set out in note 32.

19. INVENTORIES

	2024 US$'000	2023 US$'000
Raw materials	**102,920**	91,544
Work in progress	**158,254**	132,633
Finished goods	**20,260**	14,813
	281,434	238,990

Inventories of approximately US$865,000 (2023: US$601,000) are expected to be recovered after more than 12 months.

At 31 December 2024, approximately US$3,333,000 (2023: US$3,636,000) of the Group's inventories have been pledged to banks to secure general banking facilities granted to the Group.

20. TRADE, BILLS AND OTHER RECEIVABLES

	2024 US$'000	2023 US$'000
Trade receivables – contracts with customers	159,209	88,437
Less: allowance for expected credit losses	(4,801)	(5,408)
	154,408	83,029
Bills receivable	1,473	413
Temporary payments to suppliers	13,988	8,884
Other receivables, deposits and prepayments	36,217	26,477
	206,086	118,803

At 1 January 2023, trade receivables from contracts with customers amounted to US$111,043,000.

The Group allows credit periods ranging from 14 to 120 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, based on invoice dates.

	2024 US$'000	2023 US$'000
Within 60 days	121,978	80,060
61 to 90 days	31,242	2,730
91 to 120 days	1,077	202
Over 120 days	111	37
	154,408	83,029

At 31 December 2024, total bills received amounting to US$1,473,000 (2023: US$413,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 32. All bills received by the Group have a maturity period of less than one year.

Before accepting any new customer, the Group uses an internal credit assessment process to assess the potential customers' credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly.

At 31 December 2024, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately US$1,294,000 (2023: US$341,000) which is past due at the end of the reporting period. Of the past due balances, US$110,000 (2023: US$57,000) has been past due over 90 days and is not considered as in default because the trade receivables are of good credit quality and those debtors do not have any default payment history. The Group holds no collateral over these balances.

Details of the impairment assessment of trade, bills and other receivables are set out in note 32.

21. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As part of the Group's cash flow management, the Group factors certain trade receivables to financial institutions before the receivables are due for payment. The factored trade receivables are derecognised on the basis that the Group has transferred substantially all the risks and rewards to the relevant counterparties. Such trade receivables that are held for the collection of contractual cash flows and sale of financial assets, have been classified as trade receivables at FVTOCI.

The following is an aged analysis of trade receivables at FVTOCI based on invoice dates.

	2024 US$'000	2023 US$'000
Within 60 days	236,485	121,708
61 to 90 days	45,972	37,705
91 to 120 days	9,834	4,472
Over 120 days	2,295	606
	294,586	164,491

At 31 December 2024, included in the Group's trade receivables at FVTOCI balance are debtors with an aggregate carrying amount of approximately US$4,057,000 (2023: US$547,000), which is past due at the end of the reporting period. Of the past due balances, US$458,000 (2023: US$21,000) has been past due over 90 days and is not considered as in default because the trade receivables are of good credit quality and those debtors do not have any default payment history. The Group holds no collateral over these balances.

Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 32c.

Details of the impairment assessment of trade receivables at FVTOCI are set out in note 32.

22. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

The short-term bank deposits carried interest at fixed rates ranging from 3.99% to 4.27% per annum (2023: fixed rate of 5.15% per annum). The short-term bank deposit is a deposit placed with a bank that has more than three months to maturity when deposited. It will mature within 12 months from the end of the reporting period and is therefore classified as a current asset.

Bank balances and cash include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranging from 0% to 5.82% (2023: 0% to 5.82%) per annum.

For the years ended 31 December 2024 and 2023, the Group has assessed the impairment of bank balances and has concluded that the probability of defaults of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided. Details of the impairment assessment of short-term bank deposits and bank balances are set out in note 32.

23. SHARE CAPITAL

	Number of shares '000	Share capital US$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	3,500,000	4,482
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 31 December 2024	2,852,822	3,654

24. TRADE AND OTHER PAYABLES

	2024 US$'000	2023 US$'000
Trade payables	176,404	125,496
Bills payable (Note)	3,476	7,781
	179,880	133,277
Accrued staff cost	122,280	103,888
Other payables	66,348	53,815
Other accruals	109,538	89,989
Total trade and other payables	478,046	380,969

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension.

The total is analysed for reporting purposes as:

	2024 US$'000	2023 US$'000
Current	477,694	380,904
Non-current	352	65
	478,046	380,969

24. TRADE AND OTHER PAYABLES (Continued)

At 31 December 2024, the non-current amounts are related to the purchase of property, plant and equipment and are unsecured, interest-free and repayable in 2026 (2023: repayable in 2025).

The credit period of trade payables is from 14 to 90 days.

The following is an aged analysis of trade payables based on invoice dates.

	2024 US$'000	2023 US$'000
Within 60 days	**160,336**	120,405
61 to 90 days	**17,689**	10,868
91 to 120 days	**1,140**	588
Over 120 days	**715**	1,416
	179,880	133,277

25. LEASE LIABILITIES

	2024 US$'000	2023 US$'000
Lease liabilities payable:		
Within one year	**10,313**	9,355
Within a period of more than one year but not more than two years	**6,882**	8,126
Within a period of more than two years but not more than five years	**4,836**	3,173
Within a period of more than five years	**5,697**	5,532
	27,728	26,186
Less: Amounts due for settlement within 12 months shown under current liabilities	**(10,313)**	(9,355)
Amounts due for settlement after 12 months shown under non-current liabilities	**17,415**	16,831

The weighted average incremental borrowing rate applied to lease liabilities was 5.54% (2023: 5.13%) per annum.

At 31 December 2024, lease liabilities of approximately US$1,273,000 (2023: US$1,258,000) were due to companies controlled by certain directors of the Company. During the current year, interest expense of US$44,000 (2023: US$40,000) has been charged to profit or loss and repayment of principal and interest of US$1,299,000 (2023: US$1,295,000) has been made in relation to the lease liabilities with the related companies. Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have control in these companies.

26. DEFERRED TAXATION

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

	Fair value adjustment on business combination US$'000	Accelerated tax depreciation US$'000	ECL provision US$'000	Revaluation of properties US$'000	Undistributed earnings of the PRC subsidiaries US$'000	Tax losses US$'000	Total US$'000
At 1 January 2023	10,421	1,798	(1,185)	21,617	5,141	–	37,792
Exchange realignment	–	101	1	(358)	–	(1)	(257)
Charge to other comprehensive income	–	–	–	1,011	–	–	1,011
(Credit) charge to profit or loss	(979)	(732)	319	19	(414)	(3,887)	(5,674)
At 31 December 2023	**9,442**	**1,167**	**(865)**	**22,289**	**4,727**	**(3,888)**	**32,872**
Exchange realignment	**–**	**–**	**(5)**	**(375)**	**–**	**(1)**	**(381)**
Charge to other comprehensive income	**–**	**–**	**–**	**2,586**	**–**	**–**	**2,586**
(Credit) charge to profit or loss	**(979)**	**(161)**	**92**	**202**	**(2,590)**	**1,040**	**(2,396)**
At 31 December 2024	**8,463**	**1,006**	**(778)**	**24,702**	**2,137**	**(2,849)**	**32,681**

For the presentation purposes on the consolidated statement of financial position, certain deferred taxation liabilities (assets) have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2024 US$'000	2023 US$'000
Deferred taxation assets	**3,627**	4,753
Deferred taxation liabilities	**36,308**	37,625

At 31 December 2024, the Group had unused tax losses of approximately US$25,536,000 (2023: US$25,566,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately US$11,315,000 (2023: US$14,591,000) of such loss. No deferred tax asset has been recognised in respect of the remaining approximately US$14,221,000 (2023: US$10,975,000) due to the unpredictability of future profit streams. Except for unrecognised tax losses of approximately US$8,063,000 (2023: US$7,896,000) that can be used to offset against taxable profits up to 5 years from the year in which the loss is incurred, other losses may be carried forward indefinitely.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of the PRC subsidiaries was approximately US$42,740,000 (2023: US$94,545,000). A deferred tax liabilities has been recognised in respect of approximately US$2,137,000 (2023: US$4,727,000) of such temporary differences.

27. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in the PRC and other jurisdictions where the Group operates. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at percentages that are specified by the local government authorities.

The total expense recognised in profit or loss of approximately US$57,776,000 (2023: US$50,351,000) represents contributions paid/payable to these plans by the Group at rates specified in the rules of the plans. All contributions due in respect of the years ended 31 December 2024 and 2023 have been paid/are payable to the plans.

Defined benefit plan

The Group operates a funded defined benefit scheme for qualifying employees of its subsidiaries in the U.K. that has been closed to new members since 1999. Under the scheme, the employees are entitled to retirement benefits as a percentage of final salary on attainment of the retirement age. No other post-retirement benefits are provided.

The plan in the U.K. exposes the Group to actuarially calculated risks, such as investment risk, interest rate risk, inflation risk and longevity risk.

Investment risk

The present value of the defined benefit plan liability is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced portfolio in equity investments, diversified growth funds, debt investments and liability driven investment funds. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that the plan assets should be invested in the portfolio to obtain the return generated by the funds.

Interest rate risk

A decrease in the interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's corporate bonds and liability driven investment funds.

27. RETIREMENT BENEFIT PLANS (Continued)

Defined benefit plan (Continued)

Inflation risk

The plan allows for rates of inflation experienced in the U.K. to apply to prospective benefits. The amounts of inflation adjustments are calculated in accordance with indices set out in the plan deed.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

The most recent actuarial valuation of plan assets and the assessment of the present value of the defined benefit obligations was carried out at 31 December 2024 by an actuary who is a fellow of the Institute and Faculty of Actuaries employed by Mercer Limited, located at 1 Tower Place West, Tower Place, London EC3R 5BU. The present value of plan liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method.

The trustees of the defined benefit scheme entered an agreement with an insurance company towards the end of 31 December 2021 to assume full responsibility for the scheme. The agreement comprises principally two parts: the buy-in and the buy-out. In December 2021, a buy-in transaction was completed whereby the assets of the plan were invested in a bulk purchase annuity policy with an insurance company under which the benefit payable to defined benefit members became fully insured. The insurance policy was purchased using the existing assets of the plan and further contribution from the Group. The legally binding agreement is for the plan to move to a full buy-out as soon as practical, following which the insurance company will become directly responsible for pension payments. Various details need to be fully checked and confirmed before buy-out can occur. That is expected to take place during the coming year. Following buy-out and the subsequent winding up of the scheme, the Group will cease to have any responsibility to fund the scheme.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	2024	2023
Discount rate	5.4%	4.8%
Future pension increases	3.3%	3.2%
Inflation rate	3.5%	3.4%
Revaluation rate for deferred pensioners	3.2%	3.0%

The actuarial valuation showed that the market value of plan assets was US$29,631,000 (2023: US$32,151,000) and that the actuarial value of these assets represented 100% (2023: 100%) of the benefits that had accrued to members.

27. RETIREMENT BENEFIT PLANS (Continued)

Defined benefit plan (Continued)

Amounts recognised in profit or loss and other comprehensive income in respect of this defined benefit plan are as follows:

	2024 US$'000	2023 US$'000
Service cost		
Loss on settlement	–	–
Net interest income recognised in profit or loss	–	–
Components of defined benefit costs recognised in profit or loss	–	–
Remeasurement of the net defined benefit assets:		
Return on plan assets (excluding amounts included in net interest expense/income)	(1,716)	782
Actuarial gains (losses) arising from changes in financial assumptions	1,639	(710)
Actuarial gains (losses) arising from experience adjustments	4	(797)
Actuarial gains arising from changes in demographic assumptions	73	725
Components of defined benefit costs recognised in other comprehensive income	–	–
Total	–	–

The adjustment arising from the remeasurement of the net defined benefit assets is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2024 US$'000	2023 US$'000
Present value of funded defined benefit obligations	29,631	32,151
Fair value of plan assets	(29,631)	(32,151)
Net asset arising from defined benefit obligations	–	–

27. RETIREMENT BENEFIT PLANS (Continued)

Defined benefit plan (Continued)

Movements in the present value of the defined benefit obligations in both years were as follows:

	2024 US$'000	2023 US$'000
At beginning of the year	32,151	30,160
Exchange realignment	(433)	1,730
Interest cost	1,507	1,503
Benefits paid	(1,878)	(2,024)
Actuarial (gains) losses	(1,716)	782
At end of the year	29,631	32,151

Movements in the fair value of the plan assets in both years were as follows:

	2024 US$'000	2023 US$'000
At beginning of the year	32,151	30,160
Exchange realignment	(433)	1,730
Interest income	1,507	1,503
Return on plan assets	(1,716)	782
Benefits paid	(1,878)	(2,024)
At end of the year	29,631	32,151

27. RETIREMENT BENEFIT PLANS (Continued)

Defined benefit plan (Continued)

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2024 US$'000	2023 US$'000
Cash and cash equivalents	1	59
Asset held by an insurance company	29,630	32,092
Total	29,631	32,151

The fair values of the above equity and debt investments are determined based on quoted market prices in active markets.

The actual return on plan assets was an approximate loss of US$209,000 (2023: gain of US$2,285,000).

Significant actuarial assumptions for the determination of the defined obligation are discount rate, inflation and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate decreases by 0.5% (2023: 0.5%), the defined benefit obligation would increase by 5.1% (2023: 5.5%).
- If the discount rate increases by 0.5% (2023: 0.5%), the defined benefit obligation would decrease by 4.7% (2023: 5.3%).
- If the inflation rate increases by 0.25% (2023: 0.25%), the defined benefit obligation would increase by 1.1% (2023: 1.2%).
- If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by 3.3% (2023: 3.4%).

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation from one another as some of the assumptions may be correlated.

In presenting the above sensitivity analyses, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is also applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

The average duration of the defined benefit obligation at 31 December 2024 is 10 years (2023: 11 years).

The contributions expected to be made by the Group to the defined benefit plan during the following 12 months at 31 December 2024 will be US$1,982,000 (2023: US$1,948,000).

28. BANK BORROWINGS

	2024 US$'000	2023 US$'000
Unsecured bank borrowings comprise:		
Bank loans	**146,971**	63,700
The carrying amounts of loans that contain a repayment on demand clause are repayable within one year shown under current liabilities	**146,971**	63,700

The effective interest rates (which are also equal to contracted interest rates) of the Group's variable-rate (based on Secured Overnight Financing Rate ("**SOFR**") or Hong Kong Interbank Offered Rate ("**HIBOR**")) borrowings range from 4.61% to 6.65% (2023: 3.12% to 6.96%) per annum.

29. AMOUNTS DUE TO ASSOCIATES

The amounts due to associates are trade in nature, unsecured, interest-free and repayable according to the credit period of 90 days. The amounts are aged within 90 days.

30. AMOUNTS DUE FROM RELATED COMPANIES

At 31 December 2024 and 2023, the Group had balances with the following related companies:

	2024 US$'000	2023 US$'000
Amounts due from related companies (note i)		
Companies controlled by certain directors of the Company (note ii)	**218**	216

Notes:

(i) At 31 December 2024 and 2023, amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable on demand. The maximum balances during the current year were US$218,000 (2023: US$217,000). The amount was aged within 30 days (2023: aged within 30 days).

(ii) Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have control in these companies.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to the shareholders through the careful management of the debt to equity ratio. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net cash (2023: net cash), which includes lease liabilities and the borrowings disclosed in notes 25 and 28, respectively, less short-term bank deposits, bank balances and cash and equity attributable to the owners of the Company, comprising issued share capital, reserves, retained profits and non-controlling interests.

The directors of the Company review the capital structure on a regular basis.

32. FINANCIAL INSTRUMENTS

32a. Categories of financial instruments

	2024 US$'000	2023 US$'000
Financial assets		
Financial assets at amortised cost	**751,242**	716,423
Trade receivables at FVTOCI	**294,586**	164,491
Financial liabilities		
Financial liabilities at amortised cost	**394,080**	255,700

32b. Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, trade receivables at FVTOCI, loan advanced to an associate, amounts due from related companies, loan receivables, short-term bank deposits, bank balances and cash, trade and other payables, amounts due to associates, lease liabilities, bank borrowings and a financial guarantee contract. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

Several entities in the Group have foreign currency sales and purchases, which expose the Group to significant foreign currency risk.

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
HK$	**169**	337	**762**	3,409
Renminbi ("**RMB**")	**52,689**	42	**839**	1,659

The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in the HK$ and the RMB. The foreign currency risk of the HK$ is not significant as the HK$ is pegged to the US$.

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the US$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The sensitivity analysis includes bank balances, trade, bills and other receivables, trade and other payables and a bank borrowing in the RMB which is not the functional currency of the relevant group entities. A positive number below indicates an increase in profit where the US$ weakens 5% against the RMB. For a 5% strengthening of the US$ against the RMB, there would be a comparable impact on the Group's post-tax profit and the balances below would be negative.

	2024	2023
	US$'000	US$'000
Post-tax profit	**(2,165)**	68

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to short-term bank deposits and lease liabilities (see notes 22 and 25 for details). The Group's cash flow interest rate risks relate primarily to variable-rate bank balances and bank borrowings (see notes 22 and 28 for details of these balances and borrowings). It is the Group's policy to keep its bank balances and borrowings at floating rates of interest to minimise the interest rate risk.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the HIBOR and SOFR arising from the Group's bank borrowings.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2024 US$'000	2023 US$'000
Other income, gains or losses		
Financial assets at amortised cost	**23,020**	18,271

Interest expense on financial liabilities not measured at FVTPL:

	2024 US$'000	2023 US$'000
Financial liabilities at amortised cost	**11,238**	13,316

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the respective reporting period were outstanding for the whole year. A 0.5% (2023: 0.5%) increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The exposure to the interest rate risk for variable-rate bank balances is insignificant and therefore the sensitivity analysis is not presented.

If interest rates had been 0.5% (2023: 0.5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would decrease/increase by approximately US$614,000 (2023: US$266,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk, which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the financial guarantee contract. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and the financial guarantee contract.

The Group assessed impairment to financial assets and the financial guarantee contract under the ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

Trade receivables at amortised cost and FVTOCI

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In order to minimise the credit risk, the management of the Group has delegated a team to be responsible for credit approvals and to ensure other monitoring procedures are in place to initiate follow-up action to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group assesses impairment under the ECL model on trade balances individually. Reversal of impairment losses of US$628,000 (2023: US$2,306,000) have been recognised during the year ended 31 December 2024. Details of the quantitative disclosures are set out below in this note.

At 31 December 2024, trade receivables from the five largest customers represent approximately 71.6% (2023: 61.6%) of the Group's total trade receivables at amortised cost and FVTOCI.

Loan receivables

The management estimates the loss rates of loan receivables due from a few debtors based on historical credit loss experience of the debtors individually. Based on its assessment, the management considers the ECL for loan receivables is insignificant and thus no loss allowance is recognised.

Bank balances and short-term bank deposits

The credit risks on bank balances and short-term bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. For the years ended 31 December 2024 and 2023, the Group has assessed the impairment of bank balances and short-term bank deposits and has concluded that the probability of default of the counterparty banks is insignificant and, accordingly, no allowance for credit losses is provided.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Amounts due from related companies

The management of the Group considers that the credit risk on amounts due from related companies is limited because they can closely monitor repayments by the related companies. For the years ended 31 December 2024 and 2023, the Group has assessed the impairment of amounts due from related companies and has concluded that the probability of default of the related companies is insignificant. Accordingly, no allowance for credit losses is provided.

Loan advanced to an associate

For the year ended 31 December 2024, the management of the Group estimates the estimated loss rates of loan advanced to an associate based on historical credit loss experience of the associate. Based on assessment by the management, the management considered that due to deterioration of the associate's financial performance, there was a significant increase in credit risk on the loan advanced to an associate. Thus, credit loss allowance of loan advanced to an associate are measured on lifetime ECL. For the years ended 31 December 2024 and 2023, the Group has assessed the impairment of the loan advanced to an associate and ECL on loan advanced to an associate of US$3,225,000 (2023: nil) was recognised in profit or loss.

Bills and other receivables

For bills and other receivables, the management makes periodic individual assessment of the recoverability of bills and other receivables based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportable forward-looking information. The management believes that there are no significant increases in the credit risk of these amounts since initial recognition and the Group has provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group has assessed the ECL for bills and other receivables individually. During the year ended 31 December 2024, ECL on other receivables of approximately US$658,000 (2023: US$270,000) was recognised in profit or loss. Details of the quantitative disclosures are set out below in this note.

Financial guarantee contract

The maximum amount that the Group has guaranteed under the financial guarantee contract is US$5,000,000 at 31 December 2024 (2023: nil). The Group assessed that the fair value at initial recognition of the financial guarantee was insignificant. At the end of the reporting period, the management has assessed impairment and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for the financial guarantee contract issued by the Group is measured at an amount equal to 12m ECL. For the year ended 31 December 2024, the Group has assessed that the ECL for the financial guarantee contract is insignificant and thus no loss allowance is recognised. Details of the financial guarantee contract are set out in note 35(a).

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade receivables	Other financial assets and other item
Performing	The counterparty has a low risk of default and has no default record	Lifetime ECL– not credit–impaired	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL– not credit-impaired	Lifetime ECL– not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating that the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The estimated loss rates are determined based on historically observed default rates over the expected lives of the debtors and are adjusted for forward-looking information, including but not limited to the general economic conditions, that is available without undue cost or effort.

For trade receivables at amortised cost and FVTOCI, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables at amortised cost and FVTOCI are assessed individually for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including the time value of money where appropriate.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In determining the ECL for the bills and other receivables, amounts due from related companies and loan receivables, the management of the Group has taken into account the historical default experience, for example, the Group has considered the consistently low historical default rate in connection with settlement records and forward-looking information, including but not limited to general economic conditions. Management has concluded that credit risk inherent in the Group's bills and other receivables, amounts due from related companies and loan receivables is insignificant.

For the loan advanced to an associate, the management considered that due to deterioration of the associate's financial performance, there was a significant increase in credit risk on the loan advanced to an associate. Thus, credit loss allowance of loan advanced to an associate are measured on lifetime ECL (2023: 12m ECL).

	Notes	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount 2024 US$'000	Gross carrying amount 2023 US$'000
Trade receivables – contracts with customers	20	Performing	Lifetime ECL – not credit-impaired	**153,363**	81,938
		In default	Lifetime ECL – credit-impaired	**5,846**	6,499
Trade receivables at FVTOCI	21	Performing	Lifetime ECL – not credit-impaired	**294,586**	164,491
Bills and other receivables	20	Performing	12m ECL	**7,773**	9,690
		In default	Lifetime ECL – credit-impaired	**1,571**	913
Loan advanced to an associate	17	Performing	12m ECL	**–**	16,125
		Doubtful	Lifetime ECL – not credit-impaired	**16,125**	–
Loan receivables	18	Performing	12m ECL	**913**	219
Amounts due from related companies	30	Performing	12m ECL	**218**	216
Short-term bank deposits	22	Performing	12m ECL	**146,744**	63,700
Bank balances	22	Performing	12m ECL	**424,486**	543,142
Financial guarantee contract*	35(a)	Performing	12m ECL	**5,000**	–

* The gross carrying amount represents the maximum amount the Group has guaranteed under the respective contract.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables at amortised cost under the simplified approach.

	Lifetime ECL – not credit-impaired US$'000	Lifetime ECL – credit-impaired US$'000	Total US$'000
At 1 January 2023	102	7,777	7,879
Impairment losses recognised#	203	5,199	5,402
Reversal of impairment losses recognised	(102)	(7,606)	(7,708)
Exchange realignment	6	(171)	(165)
At 31 December 2023	**209**	**5,199**	**5,408**
Impairment losses recognised#	**53**	**–**	**53**
Reversal of impairment losses recognised	**(209)**	**(527)**	**(736)**
Exchange realignment	**71**	**5**	**76**
At 31 December 2024	**124**	**4,677**	**4,801**

The amount arises from the new trade receivables recognised during the years ended 31 December 2023 and 2024.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, or when the trade receivables are over two years past due, whichever occurs earlier.

The following table shows the movement in lifetime ECL that has been recognised for other receivables.

	Lifetime ECL – credit-impaired US$'000
At 1 January 2023	643
Impairment losses recognised	270
At 31 December 2023	**913**
Impairment losses recognised	**658**
At 31 December 2024	**1,571**

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as significant sources of liquidity, details of which are set out in note 28.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks not choosing to exercise their rights within one year after the end of the reporting period. The maturity analysis for other non-derivative financial liabilities is based on the scheduled repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on the management's best estimates at the end of the reporting period, taking into consideration the interest rate curve, if available.

2024

	Weighted average effective interest rate	On demand or less than 1 month	2–3 months	4 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2024
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-derivative financial liabilities							
Trade and other payables	–	160,878	59,146	17,753	2,669	240,446	240,446
Lease liabilities	5.54	1,622	1,595	8,365	25,723	37,305	27,728
Amounts due to associates	–	6,663	–	–	–	6,663	6,663
Bank borrowings							
– variable rate	3.39	146,971	–	–	–	146,971	146,971
Financial guarantee contract (note)	–	5,000	–	–	–	5,000	–
		321,134	60,741	26,118	28,392	436,385	421,808

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

2023

	Weighted average effective interest rate %	On demand or less than 1 month US$'000	2–3 months US$'000	4 months to 1 year US$'000	Over 1 year US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31.12.2023 US$'000
Non-derivative financial liabilities							
Trade and other payables	–	112,688	48,802	22,421	64	183,975	183,975
Lease liabilities	5.13	1,504	1,465	7,537	25,869	36,375	26,186
Amounts due to associates	–	8,025	–	–	–	8,025	8,025
Bank borrowings							
– variable rate	5.07	63,700	–	–	–	63,700	63,700
		185,917	50,267	29,958	25,933	292,075	281,886

Note: The amount included above for the financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty, which are guaranteed, suffer credit losses.

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. The aggregate undiscounted principal amount of these bank loans amounted to approximately US$146,971,000 at 31 December 2024 (2023: US$63,700,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates contained in the loan agreements, details of which are set out in the table below.

	Maturity Analysis-Bank borrowings with a repayment on demand clause based on scheduled repayments				
	On demand or less than 1 month US$'000	1–3 months US$'000	3 months to 1 year US$'000	Total undiscounted cash outflow US$'000	Carrying amount US$'000
2024	**–**	**–**	**150,700**	**150,700**	**146,971**
2023	–	–	66,123	66,123	63,700

The amounts included above for variable interest rate instruments within the non-derivative financial liabilities are subject to change if variable interest rates change differently from the estimates of interest rates determined at the end of the reporting period.

32. FINANCIAL INSTRUMENTS (Continued)

32c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of financial assets and financial liabilities

(i) Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and key inputs used).

	Fair value hierarchy at				
	31 December 2024		31 December 2023		Valuation
	Level 2	**Total**	Level 2	Total	techniques
	US$'000	**US$'000**	US$'000	US$'000	and key inputs
Financial asset					
Trade receivables at FVTOCI	**294,586**	**294,586**	164,491	164,491	Note

Note: A discounted cash flow method is used to assess the present value of the cash flows to be derived from the receivables using the discount rates from the factoring arrangements.

There were no transfers into or out of Level 2 during both years.

(ii) For the fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

33. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments as follows:

	2024 US$'000	2023 US$'000
Contracted for but not provided for in the consolidated financial statements in relation to the acquisition of property, plant and equipment	**51,952**	33,852

34. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks as security for general banking facilities granted to the Group:

	2024 US$'000	2023 US$'000
Property, plant and equipment (note 12)	**1,574**	1,705
Inventories (note 19)	**3,333**	3,636
	4,907	5,341

35. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the year, the Group entered into transactions with the following related parties:

Relationship	Nature of transaction	2024 US$'000	2023 US$'000
Associates	Purchase of materials	**(35,457)**	(48,925)
Companies controlled by certain directors of the Company (note i)	Interest expense on lease liabilities	**(44)**	(40)
	Handling fee received	**55**	50
	Lease liabilities (note ii)	**(1,262)**	(1,251)

At 31 December 2024, the Group has provided a corporate guarantee to an associate of the Group to secure the bank facilities granted to an associate to the extent of US$5,000,000 (2023: nil). The Group is required to pay immediately if the associate is unable to meet its obligation. Such corporate guarantee falls within the definition of a financial guarantee contract under IFRS 9. Details of impairment assessment are set out in note 32.

35. RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

At 31 December 2024 and 2023, the Company has provided a corporate guarantee to its subsidiaries to fully secure the bank facilities granted to its subsidiaries. The Company is required to pay immediately if its subsidiaries are unable to meet their obligation.

At 31 December 2024, the Company has provided a corporate guarantee to its subsidiary incorporated in the U.K. to secure its obligation and liabilities in relation to the defined benefits scheme set out in note 27 to the extent of approximately US$10,040,000 (2023: US$10,190,000). The Company is required to pay immediately if its subsidiary incorporated in the U.K. is unable to meet its obligation.

Notes:

(i) Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have control in these companies.

(ii) During the year ended 31 December 2024 and 2023, the Group renewed several lease agreements for the use of warehouse and living quarters with companies controlled by certain directors of the Company. The lease terms were 1 year (2023: 1 year). The Group accounted for the renewal of lease agreements as lease modification under IFRS 16 and remeasured the right-of-use assets and the corresponding lease liabilities. As a result, US$1,262,000 (2023: US$1,251,000) of right-of-use assets and lease liabilities were recognised on the date of lease modification.

(b) Emoluments of key management personnel

Emoluments of executive directors, who are also the key management personnel, during the year are set out in note 7.

The emoluments of directors are recommended to the Board by the Remuneration Committee of the Company having regard to the performance of each individual and comparable market statistics.

(c) Balances with related companies

The Group's outstanding balances with related companies at 31 December 2024 and 2023 are set out in the consolidated statement of financial position and the corresponding notes thereto.

(d) Licence agreement entered into with a related company

The Group entered into a licence agreement on 12 October 2022 with a related company controlled by Mr. LO Lok Fung Kenneth and Mrs. LO CHOY Yuk Ching Yvonne who are executive directors of the Company, pursuant to which the related company agreed to grant to the Group a licence to use certain trademarks and domain names in connection with its business and operations in various territories for three years commencing 1 January 2023. The consideration is HK$1.00.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 January 2024 US$'000	Financing cash flows US$'000	Other changes US$'000	At 31 December 2024 US$'000
Bank borrowings (notes i and ii)	63,700	79,307	3,964	146,971
Lease liabilities (notes iii and iv)	26,186	(28,585)	30,127	27,728
Interest on factoring arrangement	–	(6,743)	6,743	–
	89,886	43,979	40,834	174,699

	At 1 January 2023 US$'000	Financing cash flows US$'000	Other changes US$'000	At 31 December 2023 US$'000
Bank borrowings (notes i and ii)	101,697	(42,016)	4,019	63,700
Lease liabilities (notes iii and iv)	30,825	(23,745)	19,106	26,186
Interest on factoring arrangement	–	(7,807)	7,807	–
	132,522	(73,568)	30,932	89,886

Notes:

(i) Other changes of bank borrowings include the effect of foreign exchange rate changes and interest expense on bank borrowings.

(ii) The cash flows from bank borrowings comprise the net amount of new bank borrowings raised and repayment of bank borrowings and interest paid.

(iii) Other changes of lease liabilities include the effect of foreign exchange rate changes, interest expense on lease liabilities and the addition/modification/termination of lease liabilities.

(iv) The cash flows from lease liabilities comprise the amount of repayment of lease liabilities and interest paid.

37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

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

Name of subsidiaries	Place of incorporation/ operation	Issued and paid capital	Proportion of nominal value of issued share/registered capital held by the Company				Principal activities
			2024		2023		
			Directly %	Indirectly %	Directly %	Indirectly %	
Amigo Bangladesh Ltd.	Bangladesh	Bangladesh Taka 4,196,561,000	–	100	–	100	Manufacture of garments
Crystal Apparel Limited	Hong Kong	HK$2,000,000	–	100	–	100	Trading of garments
Crystal Martin Apparel Bangladesh Limited	Bangladesh	Bangladesh Taka 488,491,900	–	100	–	100	Manufacture of garments
Crystal Knitters Limited	Hong Kong	HK$7,502,000	100	–	100	–	Provision of corporate services
Crystal Martin Ceylon (Private) Limited	Sri Lanka	Sri Lanka Rupee 1,792,466,900	–	100	–	100	Manufacture of garments
Crystal Martin (Hong Kong) Limited	Hong Kong	HK$1,970,497	–	100	–	100	Trading of garments
Crystal Martin (Vietnam) Company Limited	Vietnam	US$2,000,000	–	100	–	100	Manufacture of garments
Crystal Sweater Limited	Hong Kong	HK$5,000,000	–	100	–	100	Trading of garments
Crystal Elegance Industrial Limited	Hong Kong	HK$1,500,020	–	100	–	100	Trading of garments
Regent Garment Factory Limited	Vietnam	US$32,800,000	–	100	–	100	Manufacture of garments
Crystal SL Global Pte. Ltd.	Singapore	SGD6,052,605	–	100	–	100	Trading of garments
Yi Da Manufacturer Co., Ltd.	Cambodia	US$1,000,000	–	100	–	100	Manufacture of garments
中山益達服裝有限公司*	The PRC	HK$247,400,000	–	100	–	100	Manufacture of garments
東莞晶苑毛織製衣有限公司*	The PRC	HK$436,320,000	–	100	–	100	Manufacture of garments

* The company is registered in the form of wholly foreign owned enterprise.

None of the subsidiaries has issued any debt security at the end of the year or at any time during the year.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 US$'000	2023 US$'000
ASSETS		
Non-current asset		
Investments in subsidiaries	**116,258**	116,258
Current assets		
Other receivables	**441**	273
Amounts due from subsidiaries	**442,501**	514,632
Bank balances and cash	**88,668**	36,295
	531,610	551,200
Total assets	**647,868**	667,458
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**3,654**	3,654
Reserves (note 39)	**639,078**	658,471
Total equity	**642,732**	662,125
Current liabilities		
Other payables	**2,730**	2,814
Amount due to a subsidiary	**2,406**	2,519
	5,136	5,333
Total equity and liabilities	**647,868**	667,458

39. RESERVES OF THE COMPANY

	Share premium US$'000	Capital reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2023	505,677	9,903	107,872	623,452
Profit and total comprehensive income for the year	–	–	96,194	96,194
Dividend paid (note 11)	–	–	(61,175)	(61,175)
At 31 December 2023	**505,677**	**9,903**	**142,891**	**658,471**
Profit and total comprehensive income for the year	**–**	**–**	**78,433**	**78,433**
Dividend paid (note 11)	**–**	**–**	**(97,826)**	**(97,826)**
At 31 December 2024	**505,677**	**9,903**	**123,498**	**639,078**

40. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of land, office, factories, warehouses, equipment, staff quarters and vehicles ranging from 1 month to 43 years (2023: 1 month to 5 years). During the year ended 31 December 2024, the Group recognised US$34,994,000 (2023: US$19,144,000) of right-of-use assets and US$29,890,000 (2023: US$19,144,000) of lease liabilities.

Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out below:

RESULTS

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Revenue	1,985,332	2,341,432	2,490,966	2,177,329	**2,469,629**
Profit before tax	123,117	191,849	212,696	195,085	**248,110**
Income tax expense	(15,032)	(28,558)	(39,467)	(30,963)	**(47,282)**
Profit for the year	108,085	163,291	173,229	164,122	**200,828**
Attributable to:					
Owners of the Company	108,085	163,106	172,726	163,479	**200,498**
Non-controlling interests	–	185	503	643	**330**
	108,085	163,291	173,229	164,122	**200,828**

ASSETS AND LIABILITIES

	At 31 December				
	2020	2021	2022	2023	**2024**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Total assets	1,782,512	1,959,495	1,894,965	1,974,562	**2,254,453**
Total liabilities	(618,131)	(666,176)	(549,666)	(535,660)	**(719,007)**
Total equity	1,164,381	1,293,319	1,345,299	1,438,902	**1,535,446**
Attributable to:					
Owners of the Company	1,164,381	1,288,856	1,341,482	1,434,442	**1,530,656**
Non-controlling interests	–	4,463	3,817	4,460	**4,790**
	1,164,381	1,293,319	1,345,299	1,438,902	**1,535,446**