Goodbaby International

2024 Annual Report

Goodbaby International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
www.gbinternational.com.hk
Stock Code: 1086

cybex gb evenflo

Corporate Information

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Song Zhenghuan *(Chairman)*
Mr. Liu Tongyou *(Chief Executive Officer)*
Mr. Martin Pos
Mr. Xia Xinyue *(resigned on 29 February 2024)*
Mr. Michael Nan Qu *(retired on 20 May 2024)*

NON-EXECUTIVE DIRECTORS

Ms. Fu Jingqiu
Mr. Ho Kwok Yin, Eric

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chiang Yun
Mr. Wong Shun Tak *(appointed on 26 March 2025)*
Mr. Shi Xiaoguang
Mr. Jin Peng
Mr. So Tak Young

AUDIT COMMITTEE

Mr. Wong Shun Tak *(Chairman) (appointed on 26 March 2025)*[1]
Ms. Chiang Yun
Mr. Ho Kwok Yin, Eric *(appointed on 26 March 2025)*
Mr. Shi Xiaoguang
Mr. So Tak Young

NOMINATION COMMITTEE

Ms. Chiang Yun *(Chairlady)*
Mr. Wong Shun Tak *(appointed on 26 March 2025)*
Mr. Ho Kwok Yin, Eric *(appointed on 26 March 2025)*
Mr. Shi Xiaoguang
Mr. So Tak Young

REMUNERATION COMMITTEE

Ms. Chiang Yun *(Chairlady)*
Mr. Wong Shun Tak *(appointed on 26 March 2025)*
Mr. Ho Kwok Yin, Eric *(appointed on 26 March 2025)*
Mr. Shi Xiaoguang
Mr. So Tak Young

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE[2]

Ms. Chiang Yun *(Chairlady)*
Mr. Wong Shun Tak
Mr. Ho Kwok Yin, Eric

REGISTERED OFFICE

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

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman, KY1-1100
Cayman Islands

Notes:

1. *Ms. Chiang Yun ceased to act as the chairlady of the audit committee of the Company following the appointment of Mr. Wong Shun Tak as an independent non-executive director of the Company and the chairman of the audit committee of the Company which took effect after close of the board meeting of the Company held on 26 March 2025.*

2. *The Environmental, Social and Governance ("ESG") committee of the Company was established on 26 March 2025 and its respective chairlady and members were appointed on the same day.*

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Song Zhenghuan
Ms. Ho Wing Tsz, Wendy

WEBSITE

www.gbinternational.com.hk

STOCK CODE

1086

HEAD OFFICE

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Kunshan City
Jiangsu Province, 215331
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1501, 15/F., Stelux House
698 Prince Edward Road East
San Po Kong
Kowloon
Hong Kong

COMPANY SECRETARY

Ms. Ho Wing Tsz, Wendy

CONTACTS

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Investor enquiries:	ir@goodbabyint.com
Board enquiries:	enq_to_board@goodbabyint.com

Chairman's Statement

CHAIRMAN'S STATEMENT

Dear shareholders,

In 2024, the performance of Goodbaby International Holdings Limited and its subsidiaries (the "Group") was affected by the major factors below. One was complex and volatile changes in market demand, consumption trends and channels. Another was a significant increase in global sea freight costs in the second half of the year, bringing direct external cost pressures. The third factor was ongoing geopolitical conflicts that undermined consumer confidence. However, not only was the Group able to overcome these challenges, it also delivered steady improvements in its business despite the volatile global market. We saw significant increases in our brand influence and market share, and further consolidated our leading position in the global children's products market.

During the year ended 31 December 2024 (the "Period"), the Group recorded sales revenue of approximately HK$8.77 billion, representing a strong year-on-year increase of 10.6%, with the growth momentum accelerating in the second half of the year. Profit and profit margin reached record highs, despite the impact of higher external costs in the second half of the year. During the Period, the Group generated a solid operating cash flow which enabled it to further repay debt, and restructured its loan facilities to significantly reduce its financing costs. At the same time, its solid cash flow position enabled the Group to resume annual dividend payments. This is a key element in the Group's efforts to improve profitability and cash flow management, and illustrates our long-term commitment to delivering returns to shareholders.

The Group has continued to focus on developing its own diversified brand portfolio, globally balanced business network and global supply chain capabilities, while at the same time carrying out strategic investments in innovation, global omni-channel infrastructure and digital transformation. These have laid a strong foundation for the Group's global competitiveness, and provided impetus for steady and sustainable improvements in its future performance.

CYBEX delivered another fruitful year in 2024. The brand recorded sales revenue of approximately HK$4.47 billion, representing strong year-on-year growth of 20.8%, with both revenue and profit reaching record highs. This has been a milestone year for the CYBEX brand: since joining the Group's platform ten years ago, CYBEX has moved from being simply a German car seat brand to enjoying the status of a premium "technical-lifestyle" children's durable goods brand. Now covering more than 110 countries and regions, it has achieved strong brand momentum around the world and is continuing to expand into new markets. Despite the continued weak economy of its mother market of Europe in the Period, CYBEX continued to expand and further consolidate its dominant position in the European market, achieving double-digit growth. The brand has also ridden on momentum in the Japanese market, building Japan into its second largest market after Germany. CYBEX is also widely recognised by consumers in the United States, China, the Middle East and other countries and regions, and we believe has great development potential in these markets. During the Period, CYBEX opened its fourth global flagship store in Paris' luxury brands hub street. The store fully embodies the brand's luxury features and contemporary design in the fashionable city known for its elegance and vitality. CYBEX has also further expanded its own e-commerce platform alongside its offline flagship stores, in an important move to widen and strengthen its global omni-channel distribution network and infrastructure. Pushing ahead with its efforts in product development and innovation, CYBEX launched 11 new products and entered new product categories during the Period, all of which received positive feedback from the market and consumers. Its products' outstanding design, unrivalled safety and exceptional functionality helped CYBEX win more prestigious international awards in the Period, including three ADAC test-winner awards, two Red Dot Design Awards, four German Design Awards and two AGR (Aktion Gesunder Rücken) certifications. We were proud to see the CYBEX brand once again feature on TIME magazine's annual "Best Inventions of 2024" list: its first gold line electric stroller, e-Gazelle S, was included in the list for its groundbreaking technology, showcasing CYBEX's boundary-pushing application of innovation to improve the lives of families around the world.

Evenflo recorded sales revenue of approximately HK$2.39 billion, representing record-high year-on-year growth of 4.6%. The brand has continued to invest in product development and innovation, channel expansion and brand building. Strong sales growth in the car seat category has helped the brand maintain its position as one of the top players in the United States. Among its car seat products, Revolve, the disruptive 360-degree rotational car seat invented by Evenflo which has long been a best-seller, currently possesses half the market share of the rotational car seat category, making Evenflo the market leader in this category. Product innovation in the stroller category is also gaining momentum: during the Period, Evenflo launched the lightest carbon fibre compact stroller on the US market, the "Hummingbird", providing parents with industry-leading durability and convenience. At the recent CES trade show, Evenflo introduced new SensorySoothe technology developed to help both babies and parents remain calm and relaxed while travelling. This innovative technology has been seamlessly integrated into the handles of Evenflo's premium car seats, transforming them into powerful soothing gadgets when on the move. Under its commerce excellence strategy, the brand re-energised its partnerships with major retailers, and further implemented its digital strategy. The success of this strategy is evident from the fact that, while the overall US market saw a decline in sales through online channels, Evenflo's online channels recorded positive growth. Brand marketing has continued to make headway, greatly driving traffic to the Evenflo website. In 2024, Evenflo saw its business further stabilise, building on its earlier adjustments and changes. The century-old brand is increasingly recognised by American consumers as an innovative digital brand.

gb continued to undergo brand transformation in the Period. It recorded sales revenue of approximately HK$918 million, representing a year-on-year decrease of 20.9%. The brand transformation has taken longer than initially expected. During the Period, the gb brand management team was restructured and new talents introduced to enhance its overall management capabilities. The team was active in exploring digital transformation initiatives in areas such as content marketing, community marketing, influencer communication and livestreaming. The brand recorded satisfactory preliminary results, with sales from livestreaming channels increasing significantly. gb has continued to expand its strategic cooperation with China's new energy vehicle ("NVE") manufacturers, and has become the preferred smart safety seat partner for many mainstream NVE manufacturers. At the same time, management continued to adjust the number of gb's offline retail stores, closing down unprofitable outlets. gb's brand value and products remain widely recognised by Chinese consumers, and with its brand transformation now completed, the brand still has great potential for growth in the China market.

During the Period, the Group's **Blue Chip** business rebounded strongly, recording sales revenue of approximately HK$820 million for the full year, a year-on-year increase of 43.8%. This was largely due to its major customers and their retailer customers bringing their destocking activities to an end. The Group continued to provide its Blue Chip customers with excellent service, superior manufacturing support, quality management, on-time delivery, and exceptional new product development, and has maintained a stable and healthy relationship with these customers.

The Group's global supply chain platform, which integrates technology, R&D, manufacturing, supply chain management, and testing and standards management, continued to support the development of the Group's own strategic brands and the operation of its Blue Chip business throughout the Period. Advances were made in operations and management capabilities, as well as in areas related to efficiency, cost improvement and talent development. In our manufacturing, we have been adopting higher-end manufacturing processes, helping ensure the business combines industry-leading quality and timely delivery. Our industry-leading supply chain has continued to provide strong support for the Group's business and its healthy and sustainable development.

The Group's foundations are built on strong R&D innovation and technology leadership. During the Period, the Group achieved effective R&D results, with a total of 96 new products developed for its various brands and customers. The Group's R&D centre responded quickly to new US regulations on side impact to comprehensively upgrade the relevant brand products and support future sales. During the Period, the Group applied for 1,462 patents, bringing the total number of its patent applications to date to 14,515. The Group won three ADAC test-winner awards, four Red Dot Design Awards, four German Design Awards, two iF Design Awards, one G-Mark Design Award and two AGR certifications, and was featured on TIME magazine's annual "Best Inventions of 2024" list. The Group's outstanding R&D and innovation capabilities saw its R&D centre being awarded the national honour of "National Worker Pioneer".

In the field of standards development and testing, experts from the Group have been serving as the chairman of the International Organization for Standardization ISO/TC 310 since January 2024, while the conveners of two of the four working groups of ISO/TC 310 are also Group experts. They are leading other global specialists in the development of international standards related to children's products. During the Period, the Group led or participated in the formulation or revision of 48 domestic and foreign standards, and issued 7 domestic and foreign standards. As at the end of 2024, we had led or participated in the formulation or revision of 331 standards overall to date.

Meanwhile, the Group has continued to fulfil its social and environmental responsibilities by integrating sustainability principles and practices across its entire value chain. During the period, we announced the Group's first set of ESG targets relating to reductions in greenhouse gas emissions and consumption of packaging materials, as well as enhanced health and safety standards. We adhere to the quality concept of "Absolute safety, Ultimate experience" by providing consumers with healthy and safe products, reducing the impact of our operations on the environment, promoting the well-being of our employees, and growing together with the community. During the Period, the Group obtained a strong score of 51 in the S&P Global Corporate Sustainability Assessment.

Looking into 2025, global economic uncertainty is expected to increase significantly, accompanied by persisting low economic growth and ongoing geopolitical conflicts. These may disrupt the international logistics order and, together with the rise of trade protectionism and the continued restructuring of the supply chain, undoubtedly bring direct cost pressure to the Group. This poses dual challenges to our business development and cost control. Therefore, we remain highly cautious about the external macro environment, and will keep a close eye on new opportunities arising from these challenges and restructurings.

Despite the complex and challenging external environment, the Group's management, riding on the momentum provided by the Group's positive performance in 2024, is adopting a position of cautious optimism as they look to execute the Group's global omni-channel strategy, manage the operations of own brands supported by our strong supply chain platform, and respond flexibly and efficiently to crises and challenges that may arise. I am confident about the long-term development of the Group.

On behalf of the Board of Directors, I would like to express my gratitude for the continued trust and support extended by our shareholders, employees and partners throughout these challenging times. Creating value for shareholders and employees and giving back to society is something the Group has always been committed to achieving. We will continue to work hard to overcome challenges and create greater value for all our stakeholders.

We look forward to your continued care and support.

Song Zhenghuan
Chairman
26 March 2025

Management Discussion & Analysis

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

POSITIVE BUSINESS MOMENTUM THROUGHOUT THE YEAR

During the Period, persisting macro dynamics and uncertainties continued to impose pressure on the Group's business. While the world underwent weaker yet more diverging global economic growth in 2024 than 2023, the Group, with its business outside of China in particular, was affected by logistic disruptions, including sea freight cost increase (mainly in the second half of 2024), longer lead time and lack of containers, arising from prolonged geopolitical conflicts, consumer insecurities due to continued regional conflicts in Europe and unfavorable foreign exchange fluctuations.

Amidst dynamics and uncertainties, the Group delivered very positive business momentum throughout the Period. The Group recorded double-digit revenue growth, with accelerated momentum into the second half of the year. Sustainable and robust demands for our products despite of global consumer insecurities drove volumes to our factories and amplified continued production efficiency improvement. Gross margin improved to a record 51.4%, demonstrating the Group's efforts in improving brand premium, product competitiveness and operational efficiency; such positive momentum was partially offset by increased sea freight cost in the second half of the Period and unfavorable foreign exchange rate fluctuations. Resultingly, our operating profit margin improved to 5.7%. The Group continued to generate solid operating cash flow, and thus reduced net debt. We also significantly paid down debts and restructured loan facilities, which optimized the Group's debt structure and improved financing cost. The Group consistently delivered its commitments on profitability improvement and cash flow management.

The continued growth momentum derived from the Group's global competitiveness:

1. The one-dragon vertically integrated platform of own diversified brands, globally balanced omni-channel distribution platforms, own manufacturing and operational services, which enabled the Group to outperform competition and minimize risks in any one territory;

2. Continuing dedicated and strategic investments in brand building, product innovation, global omni-channel infrastructure and digital.

Our revenue for the Period increased by 10.6% to approximately HK$8,765.9 million from approximately HK$7,927.3 million for the corresponding period in 2023. Foreign exchange rate fluctuated between the Period and the corresponding period in 2023, particularly between RMB and HKD, and between EUR and HKD. Such fluctuations led to the difference between the Group's overall revenue growth in the original currencies and the growth in the Group's reporting currency in HKD after currency translation. On a constant currency basis, our revenue for the Period recorded an 8.6% increase as compared to the corresponding period in 2023. Reported gross profit increased by 13.6% to approximately HK$4,507.9 million for the Period from approximately HK$3,967.7 million for the corresponding period in 2023. Reported operating profit increased by 35.7% to approximately HK$500.0 million from approximately HK$368.4 million for the corresponding period in 2023 and on a non-GAAP basis, our operating profit increased by 32.8% to approximately HK$544.3 million for the Period from approximately HK$409.9 million for the corresponding period in 2023. Reported net profit increased by 70.8% to approximately HK$356.2 million from approximately HK$208.5 million for the corresponding period in 2023 and on a non-GAAP basis, our net profit increased by 62.8% to approximately HK$390.6 million for the Period from approximately HK$239.9 million for the corresponding period in 2023.

MANAGEMENT DISCUSSION & ANALYSIS

Summary of the Group's revenue:

(HK$ million)	For the year ended 31 December 2024	2023	Change (%)	Change on a constant currency basis (%)
Group Revenue	$8,765.9	$7,927.3	+10.6%	+8.6%

By Brand	2024 Amount	2024 % of Revenue	2023 Amount	2023 % of Revenue	Change (%)	Change on a constant currency basis (%)
Strategic brands	$7,770.7	88.6%	$7,137.5	90.0%	+8.9%	+6.8%
CYBEX	$4,467.3	51.0%	$3,696.9	46.6%	+20.8%	+17.4%
Evenflo	$2,385.3	27.2%	$2,279.6	28.8%	+4.6%	+3.7%
gb	$918.1	10.5%	$1,161.0	14.6%	–20.9%	–21.1%
Blue Chip and other business	$995.2	11.4%	$789.8	10.0%	+26.0%	+25.4%

EXECUTIVE SUMMARY

During the Period, the Group's strategic brands performed as follows:

- **CYBEX** brand delivered milestone achievements by recording another all-time high revenue and profitability despite a tough macro environment. Backed by strong market demand for its products, the brand achieved an outstanding performance across its core categories, channels and key markets. CYBEX recorded strong growth of 20.8% (a 17.4% increase on a constant currency basis) in the Period to approximately HK$4,467.3 million from approximately HK$3,696.9 million for the corresponding period of 2023. With such strong revenue momentum, CYBEX continued to outperform competition and gain market share globally. The sustained outstanding performance was a result of CYBEX's very strong and continuously enhanced brand position, continued new launches and upgrade of existing products, consequent entering in new product categories and further expansion and fortification of global omni-channel distribution network with industry leading self-owned wholesale, e-commerce and own offline flagship store infrastructure. During the Period, CYBEX introduced 11 launches, which have all been well accepted by the market. During the Period, CYBEX opened a self-owned flagship store in Paris, enhancing its leadership in "Big Platinum Cities" and enriching its omni-channel distribution network and redefining luxurious functionality and contemporary aesthetics. CYBEX continued to proudly receive awards from prominent international organizations for its product design, safety and functionality. The brand continued to reinforce its global leading position as the premium "technical-lifestyle" brand.

- **Evenflo** brand recorded moderate growth of 4.6% (a 3.7% increase on a constant currency basis) in the Period to approximately HK$2,385.3 million from approximately HK$2,279.6 million for the corresponding period of 2023. The brand increased its market share in digital channels and the car seat category in its mother market, the US, during the Period. The positive revenue performance was mainly driven by significant growth in digital channels, positive consumer acceptance of innovative products, mainly car seats, continued new product launches and elevated brand image, partially offset by sales declines of low-margin products. Evenflo continued to invest in brand, products, digital strategy and talents. The brand continued to shift towards digital and offer innovative products that make parenting more enjoyable and convenient.

- **gb** brand recorded a decline of 20.9% (a 21.1% decrease on a constant currency basis) in the Period to approximately HK$918.1 million from approximately HK$1,161.0 million for the corresponding period of 2023 as a result its continued yet-to-be-successful brand transformation. In order to better execute the transformation and turn around the business, gb restructured its management team towards the end of the Period. Progress have been achieved in the execution of the new business model: sales revenue from the livestreaming channel increased significantly; self-owned offline retail stores recorded strong revenue growth. The brand continued to receive multiple prominent international awards in recognition of its commitment to product design and innovation.

During the Period, our **Blue Chip** and other business recorded revenue increase of 26.0% (a 25.4% increase on a constant currency basis) to approximately HK$995.2 million in the Period as compared to approximately HK$789.8 million for the corresponding period of 2023. The revenue increase was primarily driven by the significant rebound of Blue Chip business as destocking of the Group's Blue Chip customers had ended, offsetting the decline of tactical brands resulting from the Group's continued portfolio rationalization in other business. The Group's relationship with its Blue Chip customers remained healthy and stable.

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK

Looking into 2025, continued geopolitical conflicts and tensions in Europe and the Middle East may lead to persisting logistics disruptions, which would not only impose direct cost pressures but also cause product availability issues for us. As a global company, the Group would also be affected by uncertainties, reduced market efficiency and further disrupted global supply chains and related cost increases due to resurfaced trade restrictions and protectionist policies (e.g. tariffs). Continued birth rate declines in our major markets add to the downsides risks. Besides, global climate change could cause business discontinuity and logistics disruptions. That said, the Group stands ready to grasp and take advantage of any opportunities and inspirations derived from the challenges and restructurings they cause.

Overall, we remain very confident of and will continue our vertically integrated one-dragon, brand-driven strategy through sustained strategic investments to maintain and consolidate our global competitiveness, which will continue to inject momentum into the Group's business and enhance its resilience in the face of uncertainties. Under the strategy, focus will continue to be given to our strategic brands of CYBEX, Evenflo and gb and the ongoing development of our Blue Chip business:

- **CYBEX** will leverage its powerful brand momentum and omni-channel infrastructure to grow globally with full speed ahead. The strong momentum will enable the brand to continue to take market shares aggressively across the globe;

- **Evenflo** will continue to invest in brand, products, digital strategy and talents, and work to further consolidate its business foundation;

- **gb** will continue the brand transformation and turn around its business in the China market;

- **Blue Chip** business will continue to develop steadily as the Group continues to deliver services that meet demands of our customers.

On a global basis, we will continue to expand and deepen brand building and omni-channel distribution network and infrastructure in existing and new markets to ensure that we maintain a direct relationship with our fans and consumers and provide them with a world-class omni-channel experience. We will continue to optimize and consolidate our global supply chain strategies as we embrace supplier partnerships and broaden our global footprint to ensure we are quicker to market and leverage regional capabilities through mother market operations.

Brand-driven strategy supported by world-class technology, manufacturing, supply chain excellence, innovation, mother market operations, digital and cost optimization will remain the core of our vision of becoming an outstanding enterprise with global and future-ready competitiveness and achieving sustained profitable growth.

FINANCIAL REVIEW

REVENUE

For the Period, the total revenue of the Group increased by 10.6% to approximately HK$8,765.9 million from approximately HK$7,927.3 million for the year of 2023. During the Period, foreign exchange rate fluctuated, particularly exchange rate between RMB and HKD, and between EUR and HKD. Such fluctuations led to the difference between the Group's overall revenue growth in the original currencies and the growth in the Group's reporting currency in HKD after currency translation. On a constant currency basis, our revenue for the Period recorded a 8.6% increase compared to the corresponding period in 2023.

For the revenue breakdown analysis, please refer to the section of "Management Discussion And Analysis – Overview" in this report.

COST OF SALES, GROSS PROFIT AND GROSS PROFIT MARGIN

Cost of sales increased by 7.5% to approximately HK$4,258.0 million for the Period from approximately HK$3,959.6 million for the year of 2023. Gross profit for the Group increased to approximately HK$4,507.9 million for the Period from approximately HK$3,967.7 million for the year of 2023, and the gross profit margin increased by 1.3 percentage points to 51.4% for the Period from approximately 50.1% for the year of 2023. The increase in gross profit was mainly a mixed result of the increase in revenue and improvement in gross margin driven by favorable brand revenue mix and production cost improvements, partially offset by an increase in the sea freight costs in the second half of 2024 and unfavorable foreign exchange rate fluctuations.

OTHER INCOME AND GAINS

Other income and gains of the Group decreased by approximately HK$95.0 million to approximately HK$34.4 million for the Period as compared to approximately HK$129.4 million for the year of 2023, which was mainly attributable to the decrease in net gain on disposal of property, plant and equipment and foreign exchange gain, partially offset by the increase in government grants. For the detailed information, please refer to Note 5 Revenue, other income and gains of the section "Notes to the financial statements" in this report.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses primarily consist of marketing expenses, personnel costs, rental and commission and warehousing and transportation costs. The selling and distribution expenses increased by approximately HK$189.8 million to approximately HK$2,456.5 million for the Period from approximately HK$2,266.7 million for the year of 2023. The increase was mainly attributable to the increase in marketing expenses which supported revenue growth and in logistics costs and personnel costs, which was the result of increased revenue.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily consist of personnel costs, R&D costs, professional service expenses, depreciation and amortization cost and other office expenses. The administrative expenses increased by approximately HK$106.7 million to approximately HK$1,568.3 million for the Period from approximately HK$1,461.6 million for year of 2023. The increase was mainly due to the increase in R&D costs, personnel costs and legal costs.

MANAGEMENT DISCUSSION & ANALYSIS

OTHER EXPENSES

Other expenses of the Group increased to approximately HK$17.6 million for the Period from approximately HK$0.5 million for the year of 2023, which was mainly attributable to the increase in net loss on disposal of property, plant and equipment and in foreign exchange loss.

OPERATING PROFIT

As a result of the foregoing, the Group's operating profit increased by approximately 35.7% or HK$131.6 million, to approximately HK$500.0 million for the Period from approximately HK$368.4 million for the year of 2023.

FINANCE INCOME

For the Period, the Group's finance income decreased by 44.6% or HK$21.5 million, to approximately HK$26.7 million from approximately HK$48.2 million for the year of 2023. The Group's finance income mainly represents interest income from bank deposits.

FINANCE COSTS

For the Period, the Group's finance costs decreased by approximately HK$60.1 million to approximately HK$155.5 million from approximately HK$215.6 million for the year of 2023. The net finance costs decrease aligned with the decrease in the balance of interest-bearing bank loans and other borrowings.

PROFIT BEFORE TAX

As a result of the foregoing, the profit before tax of the Group increased by 93.3% to approximately HK$379.6 million for the Period from a profit before tax of approximately HK$196.4 million for the year of 2023.

INCOME TAX

The Group's income tax expense was approximately HK$23.4 million for the Period, and the income tax credit was approximately HK$12.1 million for the year of 2023. The increase in the amount of income tax expense was aligned with the increase of the profit before tax of the Group.

PROFIT FOR THE YEAR

Profit of the Group for the Period increased by 70.8% or approximately HK$147.7 million to approximately HK$356.2 million from approximately HK$208.5 million for the year of 2023.

The non-GAAP profit of the Group increased by 62.8% to approximately HK$390.6 million for the Period from approximately HK$239.9 million for the year in 2023.

NON-GAAP FINANCIAL MEASURES

To supplement the consolidated results of the Group prepared in accordance with IFRS Accounting Standards, certain non-GAAP financial measures, including non-GAAP operating profit, non-GAAP operating margin, non-GAAP profit before tax, non-GAAP profit for the year and non-GAAP net margin, are presented in this report. The Company's management believes that the non-GAAP financial measures provide investors with a more meaningful view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding certain non-cash items, certain impact of merger and acquisition transactions and certain one-off bad debt provision and operating loss. Nevertheless, the use of these non-GAAP financial measures has limitations as an analytical tool. These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with IFRS Accounting Standards. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of the Company's non-GAAP financial measures for the year ended 31 December 2024 and 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards:

	Year ended 31 December 2024			
		Adjustments		
	As reported	Equity-settled share option expenses	Amortization of intangible assets (a)	Non-GAAP
	(HK$ million)			
Operating profit	500.0	5.6	38.7	544.3
Profit before tax	379.6	5.6	38.7	423.9
Profit for the year	356.2	5.6	28.8	390.6
Operating margin	5.7%			6.2%
Net margin	4.1%			4.5%

	Year ended 31 December 2023			
		Adjustments		
	As reported	Equity-settled share option expenses	Amortization of intangible assets (a)	Non-GAAP
	(HK$ million)			
Operating profit	368.4	1.8	39.7	409.9
Profit before tax	196.4	1.8	39.7	237.9
Profit for the year	208.5	1.8	29.6	239.9
Operating margin	4.6%			5.2%
Net margin	2.6%			3.0%

Note:

(a) Amortization of intangible assets arising from acquisitions, net of related deferred tax.

MANAGEMENT DISCUSSION & ANALYSIS

WORKING CAPITAL AND FINANCIAL RESOURCES

	As at 31 December 2024	As at 31 December 2023
	(HK$ million)	
Trade and notes receivables (including trade receivables due from related parties)	1,085.0	1,182.2
Trade and notes payables (including trade payables due to related parties)	1,459.5	1,304.9
Inventories	1,712.4	1,462.8
	Year 2024	**Year 2023**
Trade and notes receivables turnover days[(1)]	47	50
Trade and notes payables turnover days[(2)]	117	113
Inventories turnover days[(3)]	134	153

Notes:

(1) Trade and notes receivables turnover days = Number of days in the reporting period x (average balance of trade and notes receivables at the beginning and at the end of the period)/revenue in the reporting period.

(2) Trade and notes payables turnover days = Number of days in the reporting period x (average balance of the trade and notes payables at the beginning and at the end of the period)/cost of sales in the reporting period.

(3) Inventories turnover days = Number of days in the reporting period x (average balance of inventories at the beginning and at the end of the period)/cost of sales in the reporting period.

Trade and notes receivables remained stable, and the turnover days of trade and notes receivables continued to maintain a healthy level, which was in line with the overall business operation status of the Group, reflecting the effective implementation of credit management policies and the stability of customer collection cycles.

Trade and notes payables remained stable, and the turnover days of trade and notes payables continued to maintain a healthy level, which was in line with the overall business operation status of the Group, reflecting the effective implementation of credit management policies and the stability of the payment cycle for suppliers.

The increase of inventories was mainly attributable to the increase in inventory in transit caused by the logistics disruption, which was mainly a result of geopolitical crisis in the Red Sea region, together with the Group’s proactive increase in safety stock reserves in response to the logistics disruption. The decrease of inventory turnover days was a combined result of working capital improvement together with the fact that the inventory at the end of year 2023 and at the end of year 2024 was substantially lower than the inventory at the beginning of year 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's monetary assets, including cash and cash equivalents, time deposits and pledge deposits and financial assets designated at fair value through profit or loss, were approximately HK$1,126.0 million (31 December 2023: approximately HK$2,198.9 million).

As at 31 December 2024, the Group's interest-bearing bank loans and other borrowings were approximately HK$1,455.1 million (31 December 2023: approximately HK$2,793.8 million), including short-term bank loans and other borrowings of approximately HK$475.9 million (31 December 2023: approximately HK$2,705.8 million) and long-term bank loans and other borrowings with repayment terms ranging from two to three years of approximately HK$979.2 million (31 December 2023: approximately HK$88.0 million). Among the Group's interest-bearing bank loans and other borrowings, approximately HK$178.9 million were at fixed interest rates (31 December 2023: approximately HK$550.1 million) and approximately HK$1,276.2 million were at variable interest rates (31 December 2023: approximately HK$2,243.7 million).

As a result, as at 31 December 2024, the Group's net debt position was approximately HK$329.1 million (31 December 2023: approximately HK$594.9 million).

CONTINGENT LIABILITIES

In the ordinary course of the Group's business, it may from time to time be involved in legal proceedings and litigations. The Group records a liability when the Group believes that it is both probable that a loss has been incurred by the Group and the amount can be reasonably estimated. With respect to the Group's outstanding legal matters, notwithstanding that the outcome of such legal matters is inherently unpredictable and subject to uncertainties, the Group believes that, based on its current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Group's business, financial position, results of operations, or cash flows.

As at 31 December 2024, the Group had no material contingent liabilities (as at 31 December 2023: nil).

EXCHANGE RATE FLUCTUATIONS

The Group is a multinational enterprise with operations in different countries and the money that it used to conduct its business and transaction is denominated in various currencies, and the Group uses Hong Kong dollar ("HK$") as its reporting currency, which is pegged to US$. The Group's revenue is mainly denominated in US$, RMB and EUR. The Group's procurement and OPEX are mainly denominated in RMB, US$ and EUR. The net exposures to foreign currency risks of the Group's operating results are mainly the US$ and EUR revenue against RMB procurement and OPEX. The Group would benefit from the appreciation of US$ and EUR against RMB but would suffer losses if US$ or EUR depreciates against RMB. The Group uses forward contracts to eliminate the foreign currency exposures.

PLEDGE OF ASSETS

As at 31 December 2024, no bank deposits (31 December 2023: HK$552.0 million) were pledged for certain standby letter of credit from banks and for guarantee, and bank deposits of approximately HK$24.5 million (31 December 2023: HK$23.5 million) were pledged for interest reserve.

GEARING RATIO

As at 31 December 2024, the Group's gearing ratio (calculated by net debt divided by the sum of adjusted capital and net debt; the amount of net debt is calculated by the sum of trade and bills payables, other payables and accruals, payables due to related parties and interest-bearing bank loan and other borrowings (current and non-current) less monetary assets, including cash and cash equivalents, time deposits and pledge deposits; and financial assets designated at fair value through profit or loss; the amount of adjusted capital is calculated by equity attributable to owner of the parent minus hedging reserve) was approximately 32.8% (31 December 2023: approximately 33.4%) or 34.8% after taking into consideration the lease liabilities (current and non-current) impact of IFRS Accounting Standards 16 (as at 31 December 2023: approximately 35.4%).

MANAGEMENT DISCUSSION & ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 6,231 full-time employees (31 December 2023: 6,224). For the Period, costs of employees, excluding Directors' emoluments, amounted to a total of approximately HK$1,876.2 million (year ended 31 December 2023: approximately HK$1,683.0 million). The Group determined the remuneration packages of all employees with reference to their position, competency, performance, value and market salary trend. The Group provides its employees in the PRC and other countries and regions with welfare schemes as required by applicable local laws and regulations.

The Company has adopted share option schemes to incentivize or reward eligible participants for their contribution to the Group for the purpose of motivating the eligible participants to optimize their performance efficiency for the benefit of the Group, and attracting and retaining or otherwise maintaining on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

The 2010 Share Option Scheme was terminated and replaced by the 2020 Share Option Scheme at the annual general meeting of the Company held on 25 May 2020. Following the termination of the 2010 Share Option Scheme, no further options could be granted thereunder but the provisions of the 2010 Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any option granted prior to its termination.

As at 31 December 2024, there were 196,434,500 outstanding share options in total under the 2010 Share Option Scheme and the 2020 Share Option Scheme (31 December 2023: 126,703,250 share options).

KEY RISKS AND UNCERTAINTIES

The Company's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Company with the understanding that it is not an exhaustive list of all risks and uncertainties. There may be other risks and uncertainties in addition to those shown below which are not known to the Company or which may not be material now but could turn out to be material in the future.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external circumstances. The Company adopts the "three lines of defense" model for operational risk governance: 1) the first line of defense is the business and functional management unit which is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable; 2) a functionally independent corporate operational risk and compliance function, typically the finance or internal control department, is the second line of defense, generally supporting the business and functional management unit's operational risk management activities and ensuring the first line of defense is properly designed, in place, and operating as intended; 3) the third line of defense is internal audit function which provides assurance on the effectiveness of governance, risk management, and internal controls. The Company recognizes that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Business units and supporting functions in the Company are guided by their internal control policies, standard operating procedures, limits of authority and reporting framework which are updated in response to business changes or business needs from time to time. The Company identifies and assesses key operational exposures regularly so that risk responses can be taken timely and appropriately.

Inadequacy to attract, retain, train and motivate key personnel and talents with appropriate and required skills, experience and competence in a tightening talent market could lead to the risk of impacting the Company's operating and financial performance. The Company will continue to assess and enhance our remuneration, training and career development policy and system to attract, retain and motivate suitable talents.

BUSINESS RISK

The Company's product market is highly fragmented and competitive worldwide. The Company faces competition primarily from third–party local juvenile product brand owners in the mass market and owners of international brands in the mid to high end market. Failure to maintain the Company's competitive position may materially adversely affect our business, financial condition, results of operations and prospects. Furthermore, change of the overall market condition including but not limited to macroeconomic conditions and applicable regulations may also materially adversely impact the Company's sales, cost, expenses and profitability. The Company seeks to mitigate these potential adverse impacts through strategies such as safeguarding market competitiveness of the full range product portfolios, strengthening extensive global and local sales network, broadening customer base and geographical locations by leveraging the three home markets of the Company anchored in the three main regions, i.e. APAC, EMEA and Americas, and continual innovations and commercialization of cutting edge products to sustain market leadership.

FINANCIAL RISK

In the course of business operations, the Company is exposed to a variety of financial risks, including but not limited to market, liquidity and credit risks. The currency environment, interest rates cycles and mark to market value of derivative financial instruments may pose significant risks to the Company's financial condition, results of operations and businesses. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of these risks with a material impact on the Company's financial performance.

Market risk is the risk that the Company's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in foreign exchange rates, interest rates and equity prices. The Company has transactional currency exposure which arises from sales or purchases by operating units in currencies other than the units' functional currency. The Company closely monitors the relative foreign exchange positions of its assets and liabilities and has developed a complete set of foreign exchange management policies, processes and mechanism to mitigate foreign currency risk, such as negotiation of appropriate commercial terms and use of derivative financial instruments to hedge these risk exposures.

Liquidity risk is the potential that the Company will be unable to meet its obligations when they fall due because of an ability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Company monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Company's operations and reduce the effects of fluctuation in cash flows.

MANAGEMENT DISCUSSION & ANALYSIS

Credit risk is the risk of loss arising from a counterparty defaulting on an obligation which will result in an economic loss to the Company. The Company's exposure to credit risk for its businesses arises primarily from its customers. New customers are subject to credit evaluation while the Company also continues to monitor its existing customers, especially those with repayment issues. Credit limits of the existing customers are also reviewed and updated regularly. Region commercial and AR team are responsible to take appropriate actions, such as dunning process, according to internal control policies for overdue balances. Adequate credit insurance schemes are in place and managed centrally to mitigate potential default risks. The bank balances are deposited with creditworthy banks with no recent history of default.

REGULATORY AND COMPLIANCE RISK

The business operations of the Company cover three main regions and it is important to ensure compliance of applicable laws and regulations in different jurisdictions, such as laws of patent and product safety, that are relevant to the business scope and products/services of the Company. The Company has a few internal professional teams who, with the support from the appropriate external advisers, oversee compliance with prevailing legislative and industry requirements, monitor changes and new requirements set out in the relevant laws and regulations and formulate and take the appropriate actions and measures (where necessary).

Directors & Senior Management

DIRECTORS & SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS

Mr. SONG Zhenghuan (宋鄭還), aged 76, is the chairman and executive director of the Company, and responsible for the effective operation of the Board and the strategic guidance of the Group business. He was also the chief executive officer of the Company from listing to 15 January 2016. Mr. Song is the founder with more than 30 years of experience in the juvenile products industry. Mr. Song majored in mathematics and graduated from Jiangsu Teachers University (江蘇師範學院) in 1981 with a certificate of graduation. Prior to establishing the Company, Mr. Song was a teacher in Lujia Middle School in Kunshan City from 1973 to 1984 and was the Vice Principal from 1984 to 1993. Between 1989 and 1993, Mr. Song was also in charge of a factory run by Lujia Middle School, the predecessor of Goodbaby Group Co., Ltd., which is a major founding shareholder of our Group. In 1989, Mr. Song invented a "push and rock" stroller and subsequently founded our Group to engage in the design, manufacture and marketing of strollers under the 好孩子 Goodbaby brand in China. Because of Mr. Song's outstanding achievements, he was awarded the Ernst & Young Entrepreneur of the Year Award (安永企業家獎) for the Greater China region in 2006. In 2012, Mr. Song was awarded the "Chinese Toy Industry's Outstanding Achievement Award" (中國玩具行業傑出成就獎) by the China Toy Association. In 2013, Mr. Song was selected as winner of Walter L. Hurd Executive Medal 2013 by the Walter L. Hurd Fo.

Mr. Song is currently a director of the following companies in the Group:

(i) Goodbaby Child Products Co., Ltd.*;
(ii) Goodbaby E-commerce (Kunshan) Co., LTD*;
(iii) Goodbaby Children's Products, Inc.;
(iv) Goodbaby (Hong Kong) Limited;
(v) Shanghai Goodbaby Fashion Co., Ltd;
(vi) Magellan Holding GmbH;
(vii) Goodbaby US Holdings, Inc.;
(viii) Serena Merger Co., Inc.;
(ix) WP Evenflo Holdings, Inc.;
(x) Evenflo Company, Inc.;
(xi) Evenflo Asia, Inc.;
(xii) Lisco Feeding, Inc.;
(xiii) Lisco Furniture, Inc.;
(xiv) Goodbaby (Europe) Group Limited;
(xv) Rollplay (Hong Kong) Co., Limited;
(xvi) OASIS DRAGON LIMITED;
(xvii) Goodbaby Retail & Service Holdings Company;
(xviii) Goodbaby (China) Retail & Service Company; and
(xix) Goodbaby Europe Holdings Limited.

Mr. Song is an indirect shareholder and director of Cayey Enterprises Limited and Pacific United Developments Limited ("PUD"), both of which are substantial shareholders of the Company.

Mr. Song is also a shareholder and a director of Sure Growth Investments Limited, a substantial shareholder of the Company.

Mr. Song is the spouse of Ms. Fu Jingqiu, a non-executive director of the Company.

* *For identification purpose only*

Mr. LIU Tongyou (劉同友), aged 57, was appointed as an executive director of the Company on 21 February 2017. Mr. Liu has been appointed as the chief executive officer ("CEO") of the Company since 21 March 2023, and is responsible for daily management of the Group. Mr. Liu started to support the Group from 1994 and formally joined the Group in 1996. Since joining the Group, Mr. Liu has been responsible for the Group's finance, internal audit, legal affairs and investment & financing management, and has successively served as the vice president and chief financial officer of the Group. Mr. Liu received his bachelor's degree of science in 1989 and master's degree in economics in 1992. Mr. Liu worked for a famous Economist, Jiang Yiwei (蔣一葦), as his academic secretary in 1992. He joined the Beijing Standard Consultancy Company (北京標準股份制諮詢公司) in 1993 as the business director and responsible for consulting on the restructuring as well as listing consultancy of a number of Chinese enterprises, including Haier Electric Appliance Company and Hainan Airlines Company. Mr. Liu was awarded the "2010 China Top Ten Outstanding CFOs" by China's "Chief Financial Officer" magazine and the "CFO of the Year" by the Hong Kong "2017 China Finance Awards".

Mr. Liu is currently a director of the following Group companies:

(i) Goodbaby (Hong Kong) Limited;
(ii) Goodbaby Child Products Co., Ltd*;
(iii) Goodbaby Czech Republic s.r.o.;
(iv) Columbus Trading-Partners Japan Limited; and
(v) Goodbaby Europe Holdings Limited.

Mr. Liu is also a director of PUD, a substantial shareholder of the Company.

Mr. Liu is a shareholder and a director of Silvermount Limited. Mr. Liu is also a shareholder of Sure Growth Investments Limited, a substantial shareholder of the Company.

* *For identification purpose only*

DIRECTORS & SENIOR MANAGEMENT

Mr. Martin POS, aged 55, is an executive director of the Company. Mr. Pos is the founder of the Group's strategic brand CYBEX. As the executive chairman of CYBEX, Mr. Pos is responsible for leading the brand's strategy implementation and overall management. He is an entrepreneur with over 22 years of industry experience including the development and management of premium lifestyle brands, most notably the brand development, global distribution, design and development of premium baby products. Following the merger of CYBEX in early 2014, Mr. Pos was appointed as the executive director of the Company in March 2014 primarily responsible for the management of portfolio of global brands for our company. In December 2014, Mr. Pos was appointed as the deputy CEO. During the period from January 2016 to 21 March 2023, Mr. Pos acted as the CEO of the Company.

NON-EXECUTIVE DIRECTORS

Ms. FU Jingqiu (富晶秋), aged 73, was appointed as a non-executive director of the Company on 10 November 2017. With her over 30 years of extensive experience in retail and distribution of juvenile products in China, Ms. Fu provides business operation guidance and services to the Group for development and management of its business in China market. Ms. Fu is the co-founder of Goodbaby China Holdings Limited (together with its subsidiaries collectively referred to "CAGB Group") and is now primarily responsible for the overall business management and strategic development of CAGB Group. Before the founding of CAGB Group, Ms. Fu was the vice president of Goodbaby Child Products Co., Ltd. ("GCPC"), from February 1993 to July 2010, where she was primarily responsible for retail and distribution of GCPC products in China market.

Ms. Fu is currently a director of the following companies in the Group:

(i) Shanghai Goodbaby Fashion Co., Ltd;
(ii) Goodbaby (China) Retail & Service Company;
(iii) Kunshan Cybex Children's Products Co., Ltd.*; and
(iv) Goodbaby (Nantong) Fashion Co., Ltd*.

Ms. Fu is an indirect shareholder and a director of Cayey Enterprises Limited and PUD, both of which are substantial shareholders of the Company.

Ms. Fu is a shareholder and a director of Sure Growth Investments Limited, a substantial shareholder of the Company. Ms. Fu is also an indirect shareholder and a director of Rosy Phoenix Limited, a substantial shareholder of the Company.

Ms. Fu is the spouse of Mr. Song Zhenghuan, the chairman and executive director of the Company.

* *For identification purpose only*

Mr. HO Kwok Yin, Eric (何國賢), aged 68, was appointed as a non-executive director of the Company on 1 February 2013, and a member of each of the audit committee, nomination committee, the remuneration committee and the ESG committee of the Company, with effect from 26 March 2025. Mr. Ho was admitted as a solicitor in England and Wales in 1987 and as a solicitor in Hong Kong in 1988. He was a founding partner of Sidley Austin in Hong Kong and remained a partner of the firm until his retirement in 2010. Mr. Ho has over 30 years of experience in the legal profession with related expertise in international mergers and acquisitions and private equity transactions. Mr. Ho received a Bachelor of Social Science Degree from the Chinese University of Hong Kong in 1980.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHIANG Yun (張昀), aged 57, was re-designated as an independent non-executive director of the Company with effect from 23 May 2014, and is a member of audit committee, the chairlady of nomination committee and remuneration committee. Ms. Chiang is also the chairlady of ESG committee with effect from 26 March 2025. Ms. Chiang was a non-executive director of the Company for the period from 15 November 2007 to 22 May 2014 and a director of the Company for the period from 14 July 2000 to 14 November 2007. Ms. Chiang has over 30 years of private equity investment experience and is the founder of Prospere Capital Ltd. She was a founding managing partner of the private equity business of Pacific Alliance Group. Ms. Chiang is an independent non-executive director of Sands China Ltd. (HKEX: 1928) ("Sands"), and a member of the audit committee, the nomination committee and the Chairlady of the ESG Committee of Sands. Ms. Chiang is also an independent non-executive director of Pacific Century Premium Developments Limited (HKEX: 432) ("PCPD"), the chairlady of PCPD's remuneration committee and a member of PCPD's audit committee and nomination committee. Ms. Chiang was appointed as a non-executive director of Yantai Changyu Pioneer Wine Company Limited, a company listed on the Shenzhen Stock Exchange, on 1 June 2020. Ms. Chiang received an EMBA degree from The Kellogg Graduate School of Management of North-western University in the U.S. and Hong Kong University of Science and Technology in 1999. Ms. Chiang also received her Bachelor of Science degree, cum laude, from Virginia Polytechnic Institute and State University in the U.S. in 1992.

DIRECTORS & SENIOR MANAGEMENT

Mr. WONG Shun Tak (王舜德), aged 63, has been appointed as an independent non-executive Director, the chairperson of audit committee and a member of each of the nomination committee, the remuneration committee and the ESG committee of the Company, with effect from 26 March 2025. Mr. Wong has more than 20 years of experience in financial control, operations, strategic planning and implementation, private equity investments and exit strategies in relation to different corporations. He is currently an independent non-executive director of Xiaomi Corporation (Stock Code: 1810 (HKD counter) and 81810 (RMB counter)), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and a number of its subsidiaries. He is also the chairman of each of the audit committee and the nomination committee, and a member of each of the remuneration committee and the corporate governance committee of the above company.

He is also an independent non-executive director of Kingsoft Corporation Limited (Stock Code: 3888), the shares of which are listed on the Stock Exchange. He is the chairman of each of the nomination committee and the remuneration committee, a member of each of the audit committee and the environmental, social and governance committee of such company.

Mr. Wong previously served in a number of other positions in different corporations, including but not limited to the vice president of finance (product division) of IDT International Limited (Stock Code: 167), the shares of which are listed on the Stock Exchange, from September 2001 to July 2003, and the chief financial officer of Goodbaby Child Products Co., Ltd., a subsidiary of the Company, from August 2003 to August 2007. Between August 2007 and September 2011, Mr. Wong served as a vice president of finance and corporate controller of Alibaba Group Holding Limited, the shares of which are listed on the Stock Exchange (Stock Code: 9988 (HKD counter) and 89988 (RMB counter)), and the American depositary shares of which are listed on the New York Stock Exchange (Stock Symbol: BABA). In 2014, Mr. Wong co-founded and concurrently served as the chief financial officer of Rokid Corporation Ltd.

Mr. Wong received a master's degree in finance from the University of Lancaster in December 1987 and a master's degree in accountancy from Charles Stuart University in Australia in April 1994. He is also a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow CPA member of CPA Australia.

Mr. SHI Xiaoguang (石曉光), aged 78, was appointed as an independent non-executive director of the Company on 5 November 2010, and a member of each of the audit committee, nomination committee, the remuneration committee of the Company. Mr. Shi is the consultant of China Toy & Juvenile Products Association since 26 March 2015. In January 2012, Mr. Shi became the member of the Governance Board of the ICTI CARE Foundation. Mr. Shi has been elected as a new director of the ICTI CARE Foundation representing China since June 2016. Mr. Shi was formerly the chairman of China Toy & Juvenile Products Association (中國玩具和嬰童用品協會) (formerly known as the China Toy Association (中國玩具協會) and a director of the International Council of Toy Industries since 2005. In October 2000, Mr. Shi was appointed as the vice-chairman of the National Technical Committee of Standardization for Toys by the General Administration of Quality Supervision Inspection and Quarantine. China Toy & Juvenile Products Association routinely provides information and holds training seminars on toy safety, product design and market development. The responsibilities of China Toy & Juvenile Products Association include recommending the safety standards and/or regulations of durable juvenile products, and to recommending the safety standards and/or regulations of other general toys and related products in the industry. Mr. Shi graduated from Beijing University of Chemical Technology (北京化工大學) (formerly known as Beijing College of Chemical Technology (北京化工學院)) with a Bachelor's degree in chemical apparatus and engineering in July 1974. Mr. Shi served as the vice-chairman of the department of general administration of The Ministry of Science and Technology from 1985 to 1987. He became a certified engineer in the PRC in September 1987, as granted by the State Scientific and Technological Commission (國家科學技術委員會). From November 1987 to November 1990, he served as the deputy general of China National Scientific Instruments and Materials Corporation (中國科學器材公司). Mr. Shi was appointed as the chairman of the service centre of The Ministry of Light Industry in 1989. From 1993 to 2007, he served as the general manager of China National Arts & Crafts (Group) Corporation (中國工藝美術集團公司) (formerly known as China National Arts & Crafts Corporation (中國工藝美術總公司)).

Mr. JIN Peng (金鵬), aged 49, was appointed as an independent non-executive director of the Company on 21 February 2017. Mr. Jin has over 20 years of experience in technology investments, entrepreneurship, financial advisory and corporate management. Mr. Jin started his career in 1998 as a member of Bear Stearns Asia's New Media & Telecom group. In 2000, Mr. Jin joined 21 Vianet Group Inc. (NASDAQ: VNET) as an executive vice president where he was responsible for overseeing business development, product, marketing and international sales and was later appointed as a chief financial officer. From 2003 to 2007, Mr. Jin served as a partner in CEC Capital Group (formerly known as China eCapital Corporation) where he provided fund raising, merger and acquisition advisory services for growth stage companies in the PRC. In 2008, Mr. Jin co–founded Keytone Ventures, a venture fund focusing on early stage technology investment opportunities with a total asset under management of US$420 million. Mr. Jin left Keytone Ventures in 2014 to start Emerge Ventures, a venture studio specializing in mostly seed and angel investments and incubating technology startups. Mr. Jin was appointed as chief operating officer and secretary of Bison Capital Acquisition Corp. (NASDAQ: BCACU) on 20 December 2016. In addition, Mr. Jin was appointed as an executive director of Cinedigm Corp. (NASDAQ: CIDM) on 1 November 2017. Mr. Jin obtained a bachelor's degree with a dual major in Finance and Information Systems from the New York University in 1998.

DIRECTORS & SENIOR MANAGEMENT

Mr. SO Tak Young (蘇德揚), aged 54, has been appointed as an independent non-executive director of the Company on 23 May 2022, and a member of each of the audit committee, nomination committee, the remuneration committee of the Company. Mr. So has more than 20 years of experience in finance, accounting, investment and private equity businesses with global financial institutions and asset management companies. He started his career as an auditor with Ernst & Young, Hong Kong from February 1993 to December 1994. Mr. So has served as a managing partner of FastLane Group since July 2012. He has been serving as an independent non-executive director and chairman of the audit committee of Shanghai Henlius Biotech, Inc. (HKEX: 2696) since September 2019 and CARsgen Therapeutics Holdings Limited (HKEX: 2171) since June 2021. Mr. So has previously served various positions, including vice president of global capital market/Asia treasury and vice president of financial controls of Bank of America, Hong Kong from January 1998 to March 2002, head of finance and operations of consumer and commercial banking in Hong Kong, head of asset and liability management of Greater China and chief financial officer of private client banking in Hong Kong of ABN AMRO Bank N.V., Hong Kong from March 2002 to January 2005, chief financial officer of Hamon Asset Management Limited, an affiliate of Bank of New York Mellon from February 2005 to August 2007, chief financial officer of Asia Pacific of asset management division for Deutsche Bank, Hong Kong from August 2007 to November 2011, and chief financial officer of PAG Capital from November 2011 to April 2012. Mr. So received his bachelor of business degree and his master of business administration degree from the University of Technology in Sydney, Australia in April 1994 and September 1998, respectively. He is a fellow member of Certified Practicing Accountant Australia since August 2011.

Save as otherwise disclosed, there is no relationship between any members of the Board except that Ms. Fu Jingqiu is the spouse of Mr. Song Zhenghuan, and no information relating to the directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

SENIOR MANAGEMENT

Mr. Johannes SCHLAMMINGER, aged 45, is the CEO of the strategic brand CYBEX. He joined CYBEX in 2010 and has held various management positions within the Company. In November 2016, Mr. Schlamminger was appointed as chief executive officer of CYBEX. Prior to this, Mr. Schlamminger had worked as head of channel business for ZF Electronics, a supplier of computer devices and electronic automotive parts, and was a professional basketball player at BBC Bayreuth. Through the many positions he was holding, Mr. Schlamminger was able to gain strong commercial and retail experience in the global juvenile industry. Paired with his excellent capabilities in customer understanding and attention to detail, this acquired knowledge leads to an exceptional commercial and operational record.

Ms. Sharon Nan Kobler, aged 47, was appointed as the CEO of the Group's strategic brand gb and China Market business on 8 November 2024. Sharon joined the Group in March 2006 as the General Manager of the Group's Online Business in China to be responsible for establishing the online business of the Group in China from scratch. Under Sharon's leadership, the Group managed to rapidly establish and develop its online business in China. The business contributed to over 50% of the Group's China market business and becoming a benchmark in the e-commerce sector for self-owned brands in China market. In 2019, Sharon was appointed as the Vice Chairman of the Group's China Market business to be responsible for gb brand's cross-industry collaborations. She led gb brand to build strategic partnerships with internationally renowned theme park brands and China's new energy vehicle brands, such new and deep collaborations boosted gb's brand power and its influence on the market. Sharon holds a bachelor's degree in finance and information systems management from the University of Washington's School of Business. From 2002 to 2006, she served as a Senior Investment Advisor at Morgan Stanley in the United States.

Mr. James, ZHOU, aged 57, is the CEO of the strategic brand Evenflo. Mr. Zhou is responsible for the overall management of the strategic brand. He brings a wealth of international experience drawn from executive roles from technology, automotive and industrials space at the public, private and PE-sponsored levels in the United States and Asia. Mr. Zhou started his career life in General Motors Corporation. He had been a veteran holding roles in various segments in General Motors Corporation from 1996 to 2005 and in General Electric Corporation from 2005 to 2014 in the USA. After that, he joined Ingersoll Rand as the Global Vice President and CFO for Asia Pacific and India from 2014 to 2018 in Beijing and Shanghai before he took the role of Vice President and CFO for Tesla Greater China from 2018 to 2019 in Beijing. From 2019 to 2023, Mr. Zhou had been Executive Vice President and Chief Financial Officers for two leading global automotive suppliers of Joyson Safety Systems and Horizon Global in the USA. Mr. Zhou joined the Company in 2023 to take up the role of CFO of Evenflo brand from April 2023 to December 2023 and was appointed as the brand's acting CEO in July 2023. Mr. Zhou has broad based finance skills and some unique operating experiences built up through his career life. He has consistently delivered superior operating performance by building cohesive teams that are well integrated with other leadership silos and spurred innovative change management by combining his deep financial, strategic, and operating expertise with an international perspective. Mr. Zhou holds an MBA from Yale University.

COMPANY SECRETARY

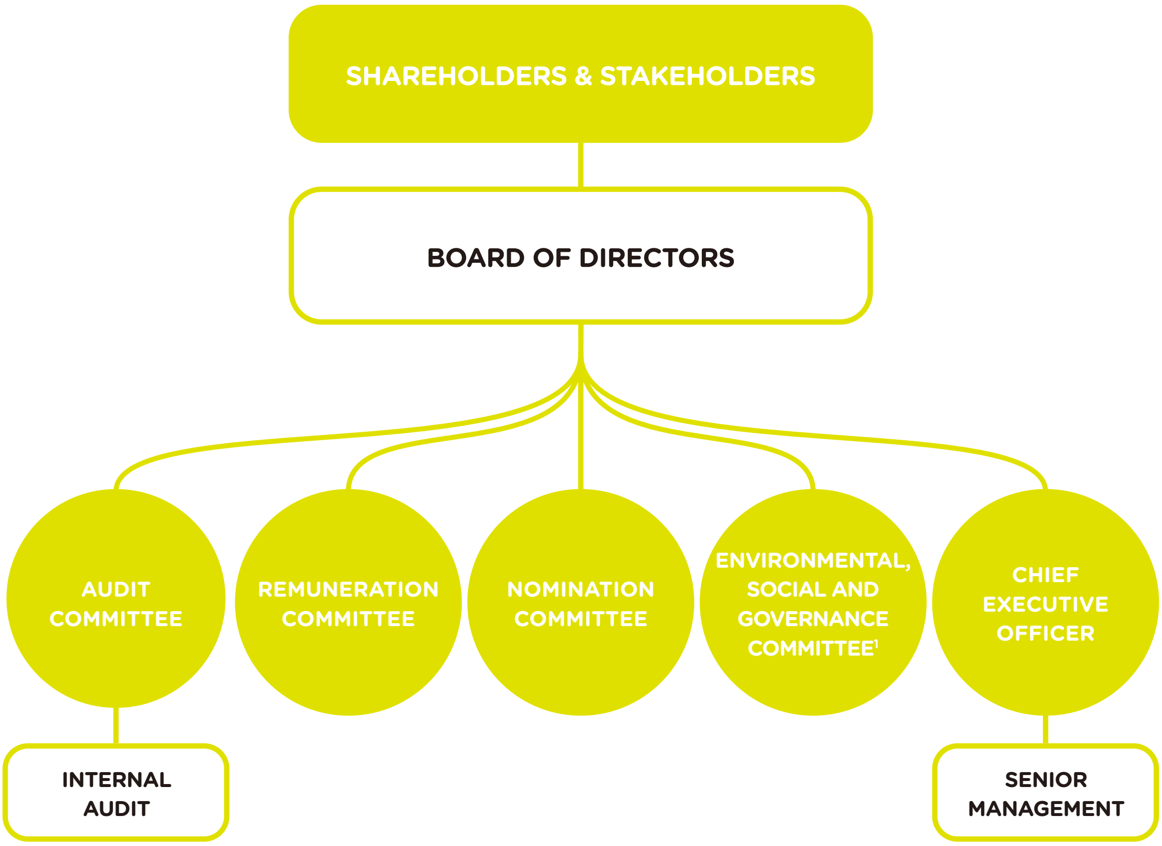
Ms. Ho Wing Tsz, Wendy (何詠紫), is an executive director of Company Secretarial Services of Tricor Services Limited. She is a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). Ms. Ho has over 25 years of work experience in the field of corporate secretarial and regulatory compliance services.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") is pleased to present this corporate governance report in the annual report for the year ended 31 December 2024. The manner in which the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") are applied and implemented, as explained in the following sections of this corporate governance report:

CORPORATE GOVERNANCE STRUCTURE AND PRACTICES



Note:

1. The ESG Committee was established on 26 March 2025.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the rights and interests of shareholders of the Company ("Shareholder(s)") and formulate its business strategies and policies as well as to enhance corporate value and to enhance transparency and accountability.

Corporate governance is the process by which the Board instructs management of the Company to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with all the code provisions and certain recommended best practices in the CG Code, save for the incident relating to Columbus Trading Partners Japan Limited as disclosed in the announcement of the Company dated 15 November 2024 and the deviation from code provision C.5.1 under Part 2 of the CG Code under Appendix C1 to the Listing Rules, which is explained in the relevant paragraphs of this section.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

LEADERSHIP

The Board oversees the Company's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company. The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Non–executive Directors (including Independent Non–executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

BOARD COMPOSITION

As at the date of this report, the Board comprises ten Directors, consisting of three Executive Directors, two Non-executive Directors and five Independent Non–executive Directors. During the year ended 31 December 2024 and up to the date of this report, the list of Directors is as follows:

Executive Directors

Mr. SONG Zhenghuan *(Chairman)*
Mr. LIU Tongyou *(Chief Executive Officer)*
Mr. Martin POS
Mr. XIA Xinyue *(resigned on 29 February 2024)*
Mr. Michael Nan QU *(retired on 20 May 2024)*

Non-executive Directors

Ms. FU Jingqiu
Mr. HO Kwok Yin, Eric

Independent Non-executive Directors

Ms. CHIANG Yun
Mr. Wong Shun Tak *(appointed on 26 March 2025)*
Mr. SHI Xiaoguang
Mr. SO Tak Young
Mr. JIN Peng

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 23 to 31 of this annual report.

Ms. FU Jingqiu, non-executive Director, is the spouse of Mr. SONG Zhenghuan, the Chairman and executive Director of the Company. Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Chief Executive Officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Company ("Chairman") and Chief Executive Officer of the Company ("CEO") are held by Mr. SONG Zhenghuan and Mr. LIU Tongyou respectively. The Chairman provides leadership and is responsible for the effective functioning of the Board and the strategic leadership of the Group's overall business. The CEO focuses on the Company's daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

NON-EXECUTIVE DIRECTORS

Non-executive Directors serve the relevant function of bringing independent judgment on the development and performance, etc. of the Group. They have the same duties of care and skills and fiduciary duties as executive Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has reviewed the independence of each of the independent non-executive Directors in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

POLICY ON INDEPENDENCE OF DIRECTORS

The Board has mechanisms to ensure independent views and input are available to the Board, and during the year ended 31 December 2024, such mechanisms had been codified into a Policy on Independence of Directors, which provided, among others:

- Criteria for evaluating the independence of non-executive Directors (or a person proposed to be appointed as an independent non-executive Director), which are no less than the standards set under Rule 3.13 of the Listing Rules which the Stock Exchange would normally take into account when accessing the independence of a non-executive director; and

- Reiterating the disclosure requirements when an independent non-executive Director who has served for more than nine years is proposed to be re-elected at a forthcoming annual general meeting of the Company.

Upon a review on the said Policy on Independence of Directors, the Board was of the view that the mechanisms therein remained effective and has been effectively implemented.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024. The Company has also established a code of conduct no less exacting than the Model Code (the "Employees Code of Conduct") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code of Conduct by the employees was noted by the Company.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors take decisions objectively in the interests of the Company. The Board has delegated to the CEO, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established board committees and has delegated to these board committees various responsibilities as set out in their respective terms of reference.

The Board reserves for its decision in all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

The Directors have disclosed to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Every newly appointed Director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key operating locations and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internal briefings for Directors were arranged during the year ended 31 December 2024 and reading material covered topics including the new climate-related disclosure requirements, corporate governance, paperless listing regime, accounting compliance and anti-corruption, etc..

All Directors are encouraged to attend relevant training courses at the Company's expenses. During the year ended 31 December 2024, all Directors have provided the Company with a record of the training they received on a half yearly basis, and such records were maintained by the Company. The training record of each Director during the year ended 31 December 2024 is set out in the table below:

Name of Directors	Hours of Training in 2024
SONG Zhenghuan	12
LIU Tongyou	12
Martin POS	12
XIA Xinyue *(resigned on 29 February 2024)*	0
Michael Nan QU *(retired on 20 May 2024)*	0
FU Jingqiu	12
HO Kwok Yin, Eric	12
CHIANG Yun	12
SHI Xiaoguang	12
JIN Peng	12
SO Tak Young	12

Mr. Wong Shun Tak was appointed as an independent non-executive Director on 26 March 2025. He has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 7 January 2025, and he has confirmed that he understood his obligations as a director of a listed issuer.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the CG Code stipulates that every directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, subject to renewal after the expiry of the then current term.

Each of the executive Directors has entered into a service contract/signed an appointment letter with the Company and is appointed for a specific term of three years unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. The non–executive Directors and each of the independent non-executive Directors have signed an appointment letter with the Company and are appointed for a specific term of three years.

The appointment of all Directors are subject to the provisions of retirement and rotation of Directors under the Company's articles of association ("Articles of Association"). In accordance with the Articles of Association, all Directors of the Company are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by Shareholders at the first general meeting after appointment. Any new Director appointed as an addition to the Board shall submit himself/herself for re-election by Shareholders at the first general meeting after appointment.

The procedures and process of appointment, re–election and removal of Directors are laid down in the Articles of Association. The nomination committee of the Company ("Nomination Committee") is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors of the Company for the year ended 31 December 2024 are set out in note 9 to the financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration payable to members of senior management by band for the year ended 31 December 2024 is set out below:

Remuneration bands (HK$)	Number of persons
HK$1,000,001 to HK$2,000,000	–
HK$2,000,001 to HK$3,000,000	1
over HK$3,000,001	2

COMPANY SECRETARY

Ms. HO Wing Tsz, Wendy has been appointed as the Company Secretary since 5 September 2022. Ms. HO Wing Tsz, Wendy is an executive director of Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

The Company Secretary's biography is set out in the section headed "Directors and Senior Management" on pages 23 to 31 of this annual report. For the year ended 31 December 2024, the Company Secretary has undertaken over 15 hours of the relevant professional training in compliance with Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Ms. WANG Qi, Vice President Group Legal & Compliance of the Company has been designated as the primary contact person at the Company who would work and communicate with the Company Secretary on the Company's corporate governance and secretarial and administrative matters.

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and ESG Committee[1], for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specified written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request. All members of each Board committee are independent non-executive Directors. A list of the chairperson and members of each Board committee is set out under "Corporate Information" on pages 2 to 4 of this annual report.

Note:

1. The ESG Committee was established on 26 March 2025.

AUDIT COMMITTEE

During the year ended 31 December 2024, the audit committee of the Company ("Audit Committee") consisted of the following independent non-executive Directors, namely Ms. CHIANG Yun, Mr. SHI Xiaoguang and Mr. SO Tak Young. Ms. CHIANG Yun is the Chairlady of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Pursuant to code provision D.3.2 of the CG Code, a former partner of an issuer's current auditing firm shall be prohibited from acting as a member of its audit committee member for a period of two years from the date the person ceasing to be a partner or have any financial interests in such auditing firm. The Company has adopted a revised terms of reference of the Audit Committee to reflect the requirement since 14 December 2018 with an effort to keep abreast of the latest development of the CG Code.

The Audit Committee held two meetings on 25 March 2024 and 30 August 2024 respectively, to review the annual financial results and report for the year ended 31 December 2023, and interim financial results and report for the six months ended 30 June 2024 as well as significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems, appointment of external auditors, continuing connected transactions and arrangements for employees to raise concerns about possible improprieties. During the year ended 31 December 2024, the Audit Committee also met the external auditors twice without the presence of the executive Directors.

REMUNERATION COMMITTEE

During the year ended 31 December 2024, the remuneration committee of the Company ("Remuneration Committee") consisted of the following independent non-executive Directors, namely Ms. CHIANG Yun, Mr. SHI Xiaoguang and Mr. SO Tak Young. Ms. CHIANG Yun is the Chairlady of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining/reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors may receive options to be granted under the Company's share option scheme. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee held a meeting on 25 March 2024 to review and make recommendation to the Board on the remuneration policy and the remuneration packages of executive Directors and senior management for 2024 as well as other related matters. The Remuneration Committee also made recommendations to the Board on the terms of service agreement and proposed updates to the terms of reference of the Remuneration Committee.

NOMINATION COMMITTEE

During the year ended 31 December 2024, the Nomination Committee consisted of the following independent non-executive Directors, namely Ms. CHIANG Yun, Mr. SHI Xiaoguang and Mr. SO Tak Young. Ms. CHIANG Yun is the Chairlady of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors. External recruitment professionals might be engaged to carry out recruitment and selection process when necessary.

CORPORATE GOVERNANCE REPORT

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee held a meeting on 25 March 2024 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors, and to consider the qualifications of the retiring directors standing for election at the annual general meeting. The Nomination Committee also proposed updates to the term of reference of Nomination Committee. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. As at 31 December 2024, one third of the Group's senior management are female and the Board also comprises male and female Directors.

Taking into account the Group's business model and specific needs from time to time, and that the Board comprises male and female members, the gender diversity target of the Board has generally been achieved and adhered to. The Board is mindful of the measurable objectives in the Board Diversity Policy which include gender diversity for assessing potential candidates of Board members, and will continue to ensure any successors to the Board shall follow the gender diversity as well as other measurable objectives in the Board Diversity Policy. Similar considerations shall also be made for assessing potential candidates of the senior management team from time to time.

As at 31 December 2024, the proportion of male and female in the workforce (including the Directors and senior management) was approximately 45% and 55% respectively.

As such, the Company's workforce has achieved gender diversity between males and females. The Company shall continue to take into account diversity perspectives including gender diversity in its hiring of employees and assessment of potential successors to the Board and the senior management team from time to time.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at the Board level, via written resolutions passed by the Directors on 14 December 2018.

The Company shall appoint independent non-executive Directors representing at least one-third of the Board. The Nomination Committee should assess the independence of the independent non-executive Directors taking into account the factors set out in Rule 3.13 of the Listing Rules. The Nomination Committee will conduct regular reviews on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on change to the Board to complement the Company's corporate strategy and business needs.

The Nomination Committee would consider the character and integrity, potential contributions in terms of qualifications, skills, experience, independence and diversity, and other perspectives that are appropriate to the Company's business and succession as the criteria for selecting candidates for directorship.

For appointment of new directors, the Nomination Committee should evaluate the candidates based on the criteria as set out in the nomination policy, rank them by order of preference based on the needs of the Company and recommend the appropriate candidate to the Board for appointment. For any person that is nominated by a Shareholder for election at the general meeting, the Nomination Committee should also evaluate the candidates based on the criteria and make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

For re-election of Director at the general meeting, the Nomination Committee should review the overall contribution and services to the Company of the retiring Director and the level of participation and performance on the Board and whether the retiring Director continues to meet the criteria as set out in the nomination policy. The Nomination Committee should then make recommendation to Shareholders in respect of the proposed re-election of director at the general meeting. Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate should be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

BOARD DIVERSITY POLICY

The Company has amended the board diversity policy, which were adopted on 23 August 2013, setting out the approach to achieve diversity of the Board via written resolutions passed by the Directors on 30 August 2024. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage and corporate governance.

The Nomination Committee has primary responsibility for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships. In assessing potential candidates for the Board, the Nomination Committee will consider the diversity perspectives in accordance with the board diversity policy adopted by the Company, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Company aims to maintain an appropriate balance of diversity perspective of the Board that are relevant to the Company's business growth.

The Nomination Committee will review the board diversity policy as appropriate and recommend revisions, if any, to the Board for consideration and approval. The Nomination Committee had conducted a review of the implementation and effectiveness of the board diversity policy in respect of the year ended 31 December 2024. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. Upon conducting its review, the Nomination Committee was of the view that board diversity has been achieved and the Board has an appropriate mix of skills, experience and diversity taking into account factors such as gender, educational background, age, skills and experience of the Directors, which can be found in the "Directors and Senior Management" section of this report, in the context of the Group's own business model and specific needs from time to time.

ESG COMMITTEE

The ESG Committee was established on 26 March 2025. The ESG Committee is mainly responsible for reporting to the Board matters relating to the Group's environmental, social and governance practices, as well as monitoring the formulation and implementation of the Group's vision, strategies, goals and policies regarding ESG issues. Two independent non-executive Directors, being Ms. CHIANG Yun and Mr. WONG Shun Tak, and one non-executive Director, Mr. HO Kwok Yin, Eric have been appointed as members of the ESG Committee. Ms. Chiang has been appointed as the chairperson of the ESG Committee.

The principal duties of the ESG Committee, as disclosed in its terms of reference, include reviewing and approving the ESG objectives, strategies, policies, initiatives and processes of the Company and monitoring the implementation, assessing the adequacy and effectiveness of the relevant framework for ESG matters, identifying the Group's ESG risks and relevant matters that significantly affect the operation of the Group and making recommendations to the Board.

As at the date of this report, the ESG Committee had not held any meeting.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Functions of the Board adopted by the Company including:

- to develop and review the Company's policies, procedures and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review the effectiveness of the risk management and internal control system on an ongoing basis and to remedy material internal control weaknesses;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the adequacy of resources, competency of employees, training programs and budget of the Company's accounting, internal audit and financial reporting functions;
- to review on the compliance of the Model Code and the Employees Code of Conduct; and
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the annual report of the Company.

The Board may delegate the corporate governance duties to a committee of the Board.

The Board's annual review of the Company's corporate governance practices for the year ended 31 December 2024 has covered the aforesaid matters.

THE COMPANY'S CULTURE, PURPOSE, VALUES AND STRATEGY

The Board has established its vision, mission, values and strategy and is satisfied that these are aligned with the Company's culture.

Our Vision: To become an outstanding enterprise with global and future-ready competitiveness.

Our Mission: Care for children, serve families, and give back to society.

Our Values: To contribute value to our consumers, enable creators to realise their value, promote innovation and openness, and forge ahead together.

We are committed to establishing, promoting and reinforcing the desired corporate culture of the Company which is underpinned by our corporate values of committing highest standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company's mission, corporate values and strategies.

BOARD MEETINGS

BOARD PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Regular Board meetings are held involving active participation, either in person or through electronic means of communication, of a majority of Directors. Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

Where necessary, the senior management attend regular Board meetings and other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings in 2024				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Executive Directors					
SONG Zhenghuan	3/3	N/A	N/A	N/A	1/1
LIU Tongyou	3/3	N/A	N/A	N/A	1/1
Martin POS	3/3	N/A	N/A	N/A	0/1
XIA Xinyue *(resigned on 29 February 2024)*	0/3	N/A	N/A	N/A	0/1
Michael Nan QU *(retired on 20 May 2024)*	1/3	N/A	N/A	N/A	0/1
Non-executive Directors					
FU Jingqiu	3/3	N/A	N/A	N/A	0/1
HO Kwok Yin, Eric	3/3	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
CHIANG Yun	3/3	2/2	1/1	1/1	1/1
SHI Xiaoguang	3/3	2/2	1/1	1/1	1/1
JIN Peng	3/3	N/A	N/A	N/A	0/1
SO Tak Young	3/3	2/2	1/1	1/1	1/1

Note: Mr. Wong Shun Tak was appointed as an independent non-executive Director, a member of each of the audit committee, the nomination committee, the remuneration committee and the ESG committee of the Company, with effect from 26 March 2025.

Apart from regular Board meetings, the Chairman also held a meeting solely with the independent non-executive Directors on 26 March 2024.

Code Provision C.5.1 under Part 2 of the CG Code under Appendix C1 to the Listing Rules stipulates that, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

The Board held three physical Board meetings during the year of 2024. As members of the Board were located in different countries and time zones, and in order to efficiently and timely deal with the affairs of the Company, in lieu of physical meeting, consent of directors on various issues was sought through circulating written board resolutions as permitted under the Articles of Association. For the year ended 31 December 2024, in addition to the matters considered at physical Board meetings, all affairs of the Company had been properly dealt with by means of written board resolutions, which have been carefully considered and approved by all the Directors.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024 with the support of the accounting and finance team. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 74 to 78.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges the responsibilities to oversee and safeguard the effectiveness of the risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee reviews and monitors the scope, issues, results and action plans in relation to or arising from the internal and external audits. The Audit Committee also assists the Board in fulfilling its oversight and corporate governance roles in the Company's risk management and internal controls, and the resources of the finance and internal audit functions.

The key elements of the Company's risk management and internal control systems include the following areas:

- A closed loop risk management framework that monitors and assesses risks, internal control operating environment and the execution and results of corrective actions to address on the identified risks and control deficiencies;
- An organizational structure with clearly defined and distinct lines of authority and control responsibilities;
- Approval from executive director/responsible senior executive prior to commitment on all material matters;
- A robust financial and management accounting system to provide for performance measurement indicators and to ensure compliance with relevant rules and regulations;
- Annual plans prepared by senior management on financial reporting, operations and compliance with consideration of potential opportunities and risks;
- Strict prohibition on release of confidential information;
- Appropriate policy to ensure the adequacy of resources, qualifications and experience of employees of the Company's accounting, financial reporting and internal audit functions, and their training programs and budget; and
- On an ongoing basis, review and evaluation of the adequacy and effectiveness of risk management and internal control systems and hence any enhancement implementation as appropriate.

The Company has taken the following measures annually to assess on the risk management and internal control systems and the related accountability of the management team:

1) Control Self-Assessment (CSA) – CSA is a regular, systematic and standardized approach to facilitate self-review and self-audit of the adequacy and effectiveness of internal controls across the Company at the process, business unit and corporate levels. The internal control department developed and continuously enhances the self-assessment questionnaire to identify and evaluate key control requirements based on the principles of the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Business/ process owners are required to carry out self–assessment and report on the internal control status of their responsible business units under the guidance of internal control department. Corrective action plans are required to be reported by business/process owners for the identified control deficiencies. Chief executive officer and chief financial officer of the Company review the submitted self-assessment results and the corrective action plans, assess the internal control status and confirm on the overall adequacy and effectiveness of the internal control system in place.

2) Annual Risk Assessment (ARA) – ARA is a comprehensive risk analysis based on inputs from corporate executives and senior management of business units and core supporting functions to identify the strategic, operational, compliance and financial risk factors. Through the ARA process, the major risks that may impede the business from achieving its objectives are identified and the risk heat map is developed. The high–risk internal control areas identified out of the analysis are subject to be audited by the internal audit function.

During 2024, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control system of the Company. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the Company's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, employees qualifications and experience, training programs and budget of the accounting, financial reporting and internal audit functions as well as those relating to the Company's ESG performance and reporting.

In addition to the review of risk management and internal controls undertaken within the Company, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

The Company has established a set of corporate governance policies to ensure compliance with the various rules and obligations imposed on it as a company listed on the Stock Exchange, and to improve the effectiveness of its risk management and internal control systems. Among the mentioned policies, the key policies are highlighted in the following sections.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT FUNCTION

The Company has a professional and independent internal audit department reporting directly to the Audit Committee. Audit Committee reviews internal audit's periodic risk assessment report and approves annual audit plan and the related resource requirements. Internal control deficiencies identified by internal audit and corrective action progress update are communicated in a timely manner to management and the Audit Committee. Audit Committee has evaluated the performance of internal audit function in year 2024 and was satisfied with the effectiveness of the function.

CODE OF BUSINESS CONDUCT

We strive to be a company that embodies high ethical standards and we take steps to bolster strong business ethics in our daily operations. All employees of the Company shall comply with the Code of Business Conduct Policy. We assess the Code of Business Conduct Policy on a regular basis to ensure that it complies with the latest legal and regulatory requirements, reflects global best practices and fosters proper governance on the business activities. The Company has updated the Code of Business Conduct Policy in year 2022. It provides the guiding principles for all employees to do what is right, behave with integrity, honesty and mutual respect, treat people fairly without discrimination, obey all applicable laws, and handle matters such as inside information and share trading, business opportunities, gift, entertainment and other hospitality, environment, health and safety with a diligent and appropriate approach.

WHISTLE-BLOWING POLICY AND ANTI–CORRUPTION POLICY

The Company has executed a robust whistle–blowing mechanism to encourage employees and those who deal with the Company to report with confidence on any wrongdoing which they suspect or believe may be occurring within or related to the Company without the risk of unfair treatment or retaliation. In order to further strengthen the whistle-blowing mechanism and comply with the latest requirements of the Stock Exchange, the Company has updated the Whistle-blowing Policy in year 2022. The Audit Committee oversees execution of the Whistle-blowing Policy. The Company expects and encourages its employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to report on these concerns, which could facilitate risk monitoring, fraud alert and continuous improvement in internal controls. The Whistle–blowing Policy specifies reporting channels, permits anonymous reports, and protects the whistle–blower from any harm or unfair treatment. The whistle–blowing mechanism has formulated standard guidelines and procedures to cover three main areas, i.e. whistle-blowing channels, case handling and investigation, reporting and follow up. The main objectives of the whistle-blowing mechanism are to ensure adequate whistle-blowing reporting channels are in place and communicated to stakeholders, protection of whistle-blower and evidence, proper execution of investigation procedures, and appropriate implementation of action plans for the reported cases and more importantly, the follow up actions to identify and remedy any relevant potential internal control deficiencies across the Company. Whistle-blowing cases, investigation results, actions taken and proposed internal control improvements shall ultimately be reported to the Audit Committee.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company encourages employees of the Company and other stakeholders to report on any suspected corruption and bribery incidents. The Company endeavors to carry out anti–corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti–corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

DISCLOSURE POLICY

The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Company adopts an upward approach for identifying and escalating any potential inside information to the Board. The Board may resolve to designate one or more executive Directors or Chief Financial Officer to monitor and implement information of the Company. Employees of the Company must be made aware of the disclosure policy and the importance of bringing any potential inside information promptly to their immediate supervisors or the Heads of business units or departments as appropriate. Heads of business units or departments should promptly verify and assess such details reported by the staff and notify and escalate the details of any potential proposal, transaction or business development which may give rise to disclosure obligations to the Chief Financial Officer. The Chief Financial Officer shall seek professional advice (where appropriate) and report to the Board or its delegate(s) and provide them with adequate details for review and assessment of the likely impact of such proposal, transaction or business development and ascertain whether it constitutes inside information or is subject to disclosure in order to avoid a false market. The Board or its delegate(s) should review all relevant details and factors and decide whether disclosure is required and approve the relevant announcement and any further actions where applicable.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Connected Transaction Policy is established to provide consistent group-wide rules on the identification, assessment and approval and disclosure of connected transactions, in compliance with the rules defined in Chapter 14A of the Listing Rules.

EXTERNAL AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 amounted to HK$9,479,000 and HK$473,000 respectively. An analysis of the remuneration paid to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	Fees Paid/Payable (HK$)
Audit Services	9,479,000
Non-audit Services	473,000
• Transfer pricing documentation	326,000
• Pillar two income taxes analysis	147,000

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

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

The 2025 annual general meeting ("AGM") of the Company will be held on 27 May 2025. The notice of AGM will be sent to the shareholders at least 21 days before the AGM.

To promote effective communication, the Company maintains a website at www.gbinternational.com.hk, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' COMMUNICATION POLICY

The Board has adopted a shareholders' communication policy made reference to the CG Code as contained in Appendix C1 to the Listing Rules at a board meeting held on 16 March 2014, which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.gbinternational.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Information will be communicated to the shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange. The Board will review the Shareholders' communication policy regularly to ensure its effectiveness. The Board has conducted a review of the implementation and effectiveness of the shareholders' communication policy in respect of the year ended 31 December 2024 and, including taking into account the up-to-date information about the Company provided on various platforms such as the Company's website, the Company's financial reports published, the conducting of the Company's general meetings as well as announcements and other disclosures published by the Company during the year ended 31 December 2024, the Company confirmed that the policy has been implemented effectively.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Director. Except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules. Poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM (INCLUDING MAKING PROPOSAL(S)/ MOVING RESOLUTION(S) AT THE EGM)

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board of the Company or the Company Secretary, to require an extraordinary general meeting (the "EGM") to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposal(s) or moving resolution(s) at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong at Unit 1501, 15/F., Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/ their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity(ies) and the shareholding(s) of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Board will be asked to convene an EGM within 2 months and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

The notice period to be given to all the registered shareholders for consideration of the proposal raised by the Eligible Shareholder(s) concerned at an EGM varies according to the nature of the proposal, as follows:

- at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

- at least fourteen (14) clear days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Shareholders may propose a person for election as Director, the procedures for which are available on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send their enquiries and concerns to the Board by addressing them to the Head of Legal and Compliance Department to the Company's principal place of business in Hong Kong at Unit 1501, 15/F Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong by post, or by email to enq_to_board@goodbabyint.com.

For the avoidance of doubt, shareholder(s) must deposit/send the original duly signed written enquiries or concerns (as the case may be) to the Company's aforesaid address and provide his/her/their full name(s) and contact details in order to give effect thereto. Shareholders' information may be disclosed as required by law.

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The special resolution in relation to the proposed amendments to the amended and restated memorandum and articles of association of the Company and adoption of the third amended and restated memorandum and articles of association was duly passed at the annual general meeting held on 20 May 2024. The third amended and restated memorandum and articles of association of the Company took effect from 20 May 2024, the full text of which is available on the websites of the Stock Exchange and the Company.

Save as disclosed in this report, no other amendments were made to the memorandum and articles of association of the Company for the year ended 31 December 2024.

DIVIDEND POLICY

The Board has established a dividend policy setting out the principles and guidelines that the Company will apply when considering the declaration and payment of dividends to the shareholders of the Company via written resolutions of the Directors passed on 14 December 2018. The Company is subject to the Articles of Association and all applicable laws (including the Cayman Companies Law), rules and regulations, when making declaration and payment of dividends to shareholders of the Company.

According to the Board's dividend policy, the Company may, subject to the Cayman Companies Law, from time to time in general meeting declare dividend in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

CORPORATE GOVERNANCE REPORT

The Board has the discretion to declare dividends to the shareholders of the Company, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

(1) financial results;

(2) cash flow situation;

(3) business conditions and strategies;

(4) future operations and earnings;

(5) capital requirements and expenditure plans;

(6) rights and interests of shareholders;

(7) taxation consideration;

(8) any contractual, statutory and regulatory restrictions on payment of dividends; and

(9) any other factors that the Board may consider relevant.

CONNECTED TRANSACTIONS AT SUBSIDIARY LEVEL

Pursuant to D.2.9 of Appendix C1 to the Listing Rules, as a recommended best practice, the Board would like to supplement the following information in the CG Report. The Company had non-compliance records of the Listing Rules requirements for the two financial years ended 31 December 2023 (the "Incidents") and had improved its internal control system accordingly, details of which are as follows.

On 15 November 2024, the Company announced its failure to comply with the reporting and announcement requirements in respect of the connected transactions at subsidiary level regarding (1) the purchase of CYBEX products by DADWAY, INC., a company incorporated in Japan ("Dadway") from Columbus Trading-Partners Japan Limited, a company incorporated in Japan and an indirect wholly-owned subsidiary of the Company ("CTP Japan") for the financial year ended 31 December 2023; (2) the provision of warehousing and logistics services by Dadway to CTP Japan for the two financial years ended 31 December 2023; and (3) the payment of product liability insurance premiums by CTP Japan on behalf of Dadway to an insurance company for the two financial years ended 31 December 2023 (collectively, the "Transactions") which constituted non-compliance of the Company's disclosure obligations under Chapter 14A of the Listing Rules.

REMEDIAL MEASURES

The Company regrets such failure and would like to stress that it has no intention of withholding any information relating to any of the Transactions from disclosure to the public. After discovery of the Company's Listing Rules non-compliance in respect of the Incidents, the Company has implemented and will further adopt the following measures to prevent similar non-compliance from recurring:

(i) refined its existing policies and procedures in order to increase the effectiveness and efficiency of its internal control procedures with regards to transactions between non-wholly owned subsidiaries (whether being classified as insignificant subsidiaries of the Company or not) and substantial shareholders and/or directors of such non-wholly owned subsidiaries;

(ii) implemented enhanced measures at the subsidiary level in respect of the coordination and reporting arrangements to ensure prompt reporting of any potential transaction or event where the transaction may constitute a connected transaction;

(iii) arranged and will continue to arrange further training sessions for all the Directors, senior management and responsible staff in relation to the relevant requirements under Chapter 14A of the Listing Rules in order to strengthen and reinforce their existing knowledge relating to connected transactions, as well as their ability to identify potential issues at an early stage;

(iv) continue to closely monitor the effectiveness and efficiency of its internal control system, financial reporting system and existing policies and procedures, particularly in the areas of, among other things, connected transactions of the Group under the Listing Rules; and

(v) work more closely with its legal adviser on compliance issues and will, as and when appropriate, consult other professional advisers before entering into any potential connected transaction.

Subsequent to the Incidents, the Board has reviewed and ratified the Transactions, and implemented relevant remedial measures to avoid reoccurrence of similar non-compliance with the Listing Rules in the future. Based on the information available to the Board, it is of the view that there is no evidence to suggest that the terms of the Transactions were not on normal commercial terms or not being fair and reasonable, or CTP Japan had provided any preferential treatment to Dadway during the two financial years ended 31 December 2023 to facilitate the Transactions and deviated from its usual course of business as the terms of the Transactions were largely consistent with those transactions entered into between the parties immediately before the two financial years ended 31 December 2023 when CTP Japan was regarded as an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules.

As CTP Japan has become a wholly-owned subsidiary of the Company since 15 November 2023 as disclosed in the announcement of the Company dated the same date, the Transactions will no longer constitute connected transactions of the Company under the Listing Rules.

Report of the Board of Directors

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present their report and the audited financial statements for the year ended 31 December 2024 of the Group.

Goodbaby International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is an investment holding company, and its subsidiaries are principally engaged in the design, research and development, manufacture, marketing and sales of children's car safety seats, strollers, apparels and home textile products, feeding, nursing and personal care products, cribs, bicycles and tricycles and other children products. The analysis of the revenue of the Group for the year is set out in note 5 to the Financial Statements.

BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2024 are provided in the section headed "Chairman's Statement" and the section headed "Management Discussion and Analysis" in this annual report.

An account of the Company's relationships with its key stakeholders is included in the paragraph headed "Relationships with Employees, Suppliers and Customers" on page 54 of this annual report. An analysis of the Group's performance during the year ended 31 December 2024 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company are provided in the Environmental, Social and Governance Report issued by the Company on even date.

FINANCIAL STATEMENTS

The results of the Group for the year are set out in the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income on page 79 and page 80 respectively. The financial position as at 31 December 2024 of the Group are set out in the Consolidated Statement of Financial Position on pages 81 to 82. The cash flow of the Group during the year is set out in the Consolidated Statement of Cash Flows on pages 84 to 85.

SHARE CAPITAL

The changes in share capital of the Group during the year are set out in note 31 to the Financial Statements.

FINAL DIVIDEND

At the meeting of the Board held on 26 March 2025, the Board has resolved to declare the payment of a final dividend of HK$0.07 per share for the year ended 31 December 2024 (2023: nil). Subject to the approval of shareholders of the Company at the AGM, the final dividend will be paid on 23 June 2025 to the shareholders whose names appear on the register of members of the Company on 6 June 2025. The record date for determining the entitlement to the proposed final dividend is Friday, 6 June 2025.

REPORT OF THE BOARD OF DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the members' eligibility to attend and vote at the annual general meeting, the Company's register of members will be closed during the following periods respectively:

For ascertaining eligibility to attend and vote at the annual general meeting:

- Latest time to lodge transfers documents for registration — 4:30 p.m. on 21 May 2025 (Wednesday)
- Closure of register of members — 22 May 2025 (Thursday) to 27 May 2025 (Tuesday), both days inclusive

To be eligible to attend and vote at the annual general meeting, all duly stamped instruments of transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than the respective latest time as stated above.

RESERVE

Details of the changes in reserves of the Group during the year are set out in note 33 to the Financial Statements.

As at 31 December 2024, the reserves of the Company available for distribution to shareholders was approximately HK$3,320.4 million.

PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the year are set out in note 14 to the Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of sales attributable to the Group's major customers out of the Group's total revenue are as follows:

– the largest customer 14.5%

– five largest customers in aggregate 34.6%

During the year, purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

As far as the Company is aware, at no time during the year that any of the Directors or his/her close associates or any shareholder which to the knowledge of the Directors own over 5% of the number of issued shares of the Company had any interest in the above-mentioned suppliers and customers.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's business is built on a customer-oriented culture, and are focused on establishing relationships with retailers, brand owners and distributors globally. The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims at delivering constantly high standards of quality in the service to its customers. During the year under review, there was no material and significant legal dispute between the Group and its suppliers and/or customers.

DONATION

During the year under review, the charitable contributions and other donations amounted to HK$2,566,467.

DIRECTORS

The Directors in office during the year ended 31 December 2024 and as at the date of this report were as follows:

Executive Directors

Mr. SONG Zhenghuan
Mr. LIU Tongyou
Mr. Martin POS
Mr. XIA Xinyue *(resigned on 29 February 2024)*
Mr. Michael Nan QU *(retired on 20 May 2024)*

Non-executive Directors

FU Jingqiu
HO Kwok Yin, Eric

Independent Non-executive Directors

Ms. CHIANG Yun
Mr. WONG Shun Tak
(appointed on 26 March 2025)
Mr. SHI Xiaoguang
Mr. JIN Peng
Mr. SO Tak Young

Further details of the Directors and senior management are set forth in the section headed "Directors and Senior Management" of this annual report.

In accordance with the Articles of Association, and based on the Listing Rules, Mr. LIU Tongyou, Ms. CHIANG Yun, Mr. SHI Xiaoguang, Mr. SO Tak Young and Mr. WONG Shun Tak will retire in the forthcoming annual general meeting. Except for Mr. SHI Xiaoguang and Mr. SO Tak Young, all of the above Directors, being eligible, will offer themselves for re-election at the Annual General Meeting. Mr. SHI Xiaoguang and Mr. SO Tak Young will therefore retire with effect from the ending of the Annual General Meeting.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service contract/signed an appointment letter with the Company and is appointed for a specific term of three years unless terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company and is appointed for a specific term of three years with effect from the respective date stated therein.

There was no service contract entered into/appointment letter signed by the Company and any Directors to be re-elected in the forthcoming annual general meeting which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Other than those transactions disclosed in note 39 to the Financial Statements and in the section "Connected Transactions" below, there was no other transaction, arrangement or contract of significance with any member of the Group as the contracting party and in which any Director or any entity connected with a Director was materially interested, directly or indirectly, and which was still valid on the year end date or any time during the year.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2024, the Company has received an annual written confirmation from each of Mr. SONG Zhenghuan and Ms. FU Jingqiu in respect of their and their close associates' compliance with the deed of non-competition dated 23 October 2017 (which replaces the deed of non-competition dated 9 November 2010 as disclosed in the Company's prospectus for global offering dated 11 November 2010). Further details of the deed of non-competition are set out in the circular of the Company dated 4 September 2017.

The independent non-executive Directors have reviewed and were satisfied that each of them has complied with the deed of non-competition for the year ended 31 December 2024.

CONFIRMATION OF INDEPENDENT STATUS

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

SHARE OPTION SCHEME

On 5 November 2010, the Company adopted a share option scheme ("2010 Share Option Scheme") to incentivize or reward eligible participants (including (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) or any directors of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries as described in the share option scheme) for their contribution to the Group for the purpose of motivating the eligible participants to optimise their performance efficiency for the benefit of the Group, and attracting and retaining or otherwise maintaining on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As the 2010 Share Option Scheme expired on the tenth anniversary of its adoption, and to enable the Company to continue to grant share options to eligible participants as incentives or rewards for their contributions to the success of the Group, the Company terminated the 2010 Share Option Scheme and approved and adopted a new share option scheme (the "2020 Share Option Scheme") at its annual general meeting held on 25 May 2020. Upon termination of the 2010 Share Option Scheme, no further options may be granted thereunder but the provisions of the 2010 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to the termination.

Eligible participants of the share option schemes include full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any Directors (including non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and advisers, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries as described in the 2020 Share Option Scheme.

With the approval of the shareholders of the Company in general meetings, the Directors may "refresh" the scheme limit under the share option schemes.

Pursuant to the shareholders' approval obtained by the Company at its annual general meeting held on 25 May 2017, the original scheme limit of the 2010 Share Option Scheme was refreshed to 111,630,600 shares, representing 10% of the then total number of shares in issue.

At the Company's extraordinary general meeting held on 28 May 2018, the scheme limit was refreshed and approved by the then shareholders such that the total number of shares which may fall to be issued upon exercise of all share options to be granted under the 2010 Share Option Scheme and any other share option scheme(s) as may from time to time be adopted by the Company must not exceed 166,802,317, i.e. 10% of the shares in issue as at the date of approval of the refreshed limit by the shareholders.

Pursuant to the shareholders' approval obtained by the Company at its annual general meeting held on 25 May 2020, the maximum number of share options currently permitted to be granted under the 2020 Share Option Scheme is 166,802,317, representing 10% of the shares of the Company in issue as at 25 May 2020.

On 19 June 2020, in order to effectively incentivize the existing grantees of the share options, the Company allowed grantees of share options granted on 28 August 2017, 27 March 2018, 28 May 2018 and 23 May 2019 to exchange their existing share options for new share options to be granted under the 2020 Share Option Scheme. For further details, please refer to the announcement of the Company dated 19 June 2020.

The Company may continue to make option grants using the existing scheme mandate under the latest amended Chapter 17 (the "amended Chapter 17") of the Listing Rules (which took effect on 1 January 2023), but any future grants will only be made to participants described in Rule 17.03A of the Listing Rules. The Company will comply with the amended Chapter 17 on or before the refreshment or expiry of the existing scheme mandate or adoption of any new share option scheme, whichever occurs first.

During the year under review, 113,594,000 share options were granted under the 2020 Share Option Scheme on 2 July 2024.

Under the 2010 Share Option Scheme, 35,680,000 share options were forfeited and none of the share options were exercised during 2024.

Under the 2020 Share Option Scheme, 8,182,750 share options were forfeited and none of the share options were exercised during 2024.

As at 31 December 2024, 196,434,500 share options were outstanding under the 2010 Share Option Scheme and the 2020 Share Option Scheme in total (31 December 2023: 126,703,250).

Movements of the share options granted during the year ended 31 December 2024 were as follows:

REPORT OF THE BOARD OF DIRECTORS

Name of Director/ former Director/ Associate	Date of grant	Exercise Price (HK$)	Number of share options: Outstanding as at 1 January 2024	Granted during this year	Exercised during this year	Weighted average closing price immediately before the date of exercise (HK$)	Cancelled/ Lapsed during this year	Outstanding as at 31 December 2024	Percentage of total issued share capital[1]	Exercise period	Closing price of securities immediately before the date of grant (HK$)
Mr. Song Zhenghuan	29 September 2014	3.58	1,390,000	–	–	N/A	1,390,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	2 July 2024	0.485	–	1,668,000	–	N/A	–	1,668,000	0.10%	Refer to note[11]	0.485
Mr. Liu Tongyou	29 September 2014	3.58	2,400,000	–	–	N/A	2,400,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	23 May 2019	3.75	6,300,000	–	–	N/A	–	6,300,000	0.378%	23 May 2019 to 22 May 2029[7]	1.94
	19 June 2020	0.96	390,600	–	–	N/A	–	390,600	0.023%	23 May 2022 to 22 May 2029[8]	0.92
			585,900	–	–	N/A	–	585,900	0.035%	23 May 2023 to 22 May 2029[8]	
			976,500	–	–	N/A	–	976,500	0.059%	23 May 2024 to 22 May 2029[8]	
	2 July 2024	0.485	–	10,000,000	–	N/A	–	10,000,000	0.60%	Refer to note[11]	0.485
Mr. Martin Pos	29 September 2014	3.58	2,400,000	–	–	N/A	2,400,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	27 March 2018	4.54	17,500,000	–	–	N/A	–	17,500,000	1.049%	27 March 2018 to 27 March 2028[5]	4.12
	19 June 2020	0.96	840,000	–	–	N/A	–	840,000	0.050%	27 September 2020 to 27 March 2028[8]	0.92
			1,260,000	–	–	N/A	–	1,260,000	0.076%	27 September 2021 to 27 March 2028[8]	
			2,100,000	–	–	N/A	–	2,100,000	0.126%	27 September 2022 to 27 March 2028[8]	
	2 July 2024	0.485	–	16,680,000	–	N/A	–	16,680,000	0.10%	Refer to note[11]	0.485
Mr. Xia Xinyue[15]	27 March 2018	4.54	10,000,000	–	–	N/A	10,000,000	–	0%	27 March 2018 to 27 March 2028[5]	4.12
	19 June 2020	0.96	480,000	–	–	N/A	480,000	–	0%	27 September 2020 to 27 March 2028[8]	0.92
			720,000	–	–	N/A	720,000	–	0%	27 September 2021 to 27 March 2028[8]	
			1,200,000	–	–	N/A	1,200,000	–	0%	27 September 2022 to 27 March 2028[8]	
Mr. Michael Nan Qu[16]	29 September 2014	3.58	1,600,000	–	–	N/A	1,600,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	19 June 2020	0.96	620,000	–	–	N/A	–	620,000	0.037%	23 May 2022 to 22 May 2029[8]	0.92
			930,000	–	–	N/A	–	930,000	0.056%	23 May 2023 to 22 May 2029[8]	
			1,550,000	–	–	N/A	–	1,550,000	0.093%	23 May 2024 to 22 May 2029[8]	

Name of Director/ former Director/ Associate	Date of grant	Exercise Price (HK$)	Number of share options: Outstanding as at 1 January 2024	Granted during this year	Exercised during this year	Weighted average closing price immediately before the date of exercise (HK$)	Cancelled/ Lapsed during this year	Outstanding as at 31 December 2024	Percentage of total issued share capital[1]	Exercise period	Closing price of securities immediately before the date of grant (HK$)
Ms. Fu Jingqiu	29 September 2014	3.58	1,390,000	–	–	N/A	1,390,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	23 May 2019	3.75	600,000	–	–	N/A	–	600,000	0.036%	23 May 2019 to 22 May 2029[7]	1.94
	19 June 2020	0.96	43,400	–	–	N/A	–	43,400	0.003%	23 May 2022 to 22 May 2029[8]	0.92
			65,100	–	–	N/A	–	65,100	0.004%	23 May 2023 to 22 May 2029[8]	
			108,500	–	–	N/A	–	108,500	0.007%	23 May 2024 to 22 May 2029[8]	
	2 July 2024	0.485	–	1,668,000	–	N/A	–	1,668,000	0.10%	Refer to note[11]	0.485
Mr. Ho Kwok Yin, Eric	29 September 2014	3.58	1,000,000	–	–	N/A	1,000,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028[8]	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028[8]	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028[8]	
Mr. Shi Xiaoguang	29 September 2014	3.58	800,000	–	–	N/A	800,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028[8]	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028[8]	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028[8]	
Ms. Chiang Yun	29 September 2014	3.58	800,000	–	–	N/A	800,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028[8]	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028[8]	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028[8]	
Mr. Jin Peng	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028[8]	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028[8]	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028[8]	
Ms. Sharon Nan Kobler *(associate of Mr. Song Zhenghuan and Ms. Fu Jingqiu)*	19 June 2020	0.96	124,000	–	–	N/A	–	124,000	0.007%	23 May 2022 to 22 May 2029[8]	0.92
			186,000	–	–	N/A	–	186,000	0.011%	23 May 2023 to 22 May 2029[8]	
			310,000	–	–	N/A	–	310,000	0.019%	23 May 2024 to 22 May 2029[8]	
	2 July 2024	0.485	–	1,668,000	–	N/A	–	1,668,000	0.10%	Refer to note[11]	0.485

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			Number of share options								
Name of Director/ former Director/ Associate	Date of grant	Exercise Price (HK$)	Outstanding as at 1 January 2024	Granted during this year	Exercised during this year	Weighted average closing price immediately before the date of exercise (HK$)	Cancelled/ Lapsed during this year	Outstanding as at 31 December 2024	Percentage of total issued share capital[1]	Exercise period	Closing price of securities immediately before the date of grant (HK$)
Mr. Martin Patrick Pos *(associate of Mr. Martin Pos)*	11 December 2020	1.01	62,000	–	–	N/A	–	62,000	0.004%	11 December 2020 to 10 December 2030[9]	1.00
			93,000	–	–	N/A	–	93,000	0.006%	11 December 2020 to 10 December 2030[9]	
			155,000	–	–	N/A	–	155,000	0.009%	11 December 2020 to 10 December 2030[9]	
	2 July 2024	0.485	–	1,750,000	–	N/A	–	1,750,000	0.105%	Refer to note[11]	0.485
Total number held by Directors	29 September 2014	3.58	11,780,000	–	–	N/A	11,780,000	–	0%	29 September 2014 to 28 September 2024[2]	3.49
	27 March 2018	4.54	27,500,000	–	–	N/A	1,000,000	17,500,000	1.049%	27 March 2018 to 27 March 2028[5]	4.12
	23 May 2019	3.75	6,900,000	–	–	N/A	–	6,900,000	0.414%	23 May 2019 to 22 May 2029[7]	1.94
	19 June 2020	0.96	12,254,000	–	–	N/A	2,400,000	9,854,000	0.591%	Refer to note[8]	0.92
	2 July 2024	0.485	–	30,016,000	–	N/A	–	30,016,000	1.799%	Refer to note[11]	0.485
Total number held by Associates	19 June 2020	0.96	620,000	–	–	N/A	–	620,000	0.037%	Refer to note[8]	0.92
	11 December 2020	1.01	310,000	–	–	N/A	–	310,000	0.019%	Refer to note[9]	1.00
	2 July 2024	0.485	–	3,418,000	–	N/A	–	3,418,000	0.205%	Refer to note[11]	0.485
Total number held by Employees of the Group	29 September 2014	3.58	11,900,000	–	–	N/A	11,900,000	–	0%	29 September 2014 to 28 September 2024[3]	3.49
	7 October 2015	3.75	6,800,000	–	–	N/A	–	6,800,000	0.408%	7 October 2015 to 6 October 2025[4]	3.66
	27 March 2018	4.54	4,000,000	–	–	N/A	–	4,000,000	0.240%	27 March 2018 to 27 March 2028[5]	4.12
	28 May 2018	5.122	3,600,000	–	–	N/A	500,000	3,100,000	0.186%	28 May 2018 to 27 May 2028[6]	4.92
	23 May 2019	3.75	27,700,000	–	–	N/A	1,500,000	26,200,000	1.571%	23 May 2019 to 22 May 2029[7]	1.94
	19 June 2020	0.96	9,994,250	–	–	N/A	873,250	9,121,000	0.547%	Refer to note[8]	0.92
	11 December 2020	1.01	2,845,000	–	–	N/A	139,500	2,705,500	0.162%	Refer to note[9]	1.00
	16 June 2022	1.042	500,000	–	–	N/A	–	500,000	0.030%	Refer to note[10]	1.03
	2 July 2024	0.485	–	80,160,000	–	N/A	4,770,000	75,390,000	4.520%	Refer to note[11]	0.485

Fair values of the share options granted at the date of grant were as follows:

For directors/associates:

Date of grant	Exercise period	Fair value HK$ per share[12]
29 September 2014	29 September 2017 to 28 September 2024[2]	1.11
29 September 2014	29 September 2018 to 28 September 2024[2]	1.17
29 September 2014	29 September 2019 to 28 September 2024[2]	1.23
27 March 2018	27 September 2020 to 27 March 2028[5]	1.66
27 March 2018	27 September 2021 to 27 March 2028[5]	1.76
27 March 2018	27 September 2022 to 27 March 2028[5]	1.84
23 May 2019	23 May 2022 to 22 May 2029[7]	0.29
23 May 2019	23 May 2023 to 22 May 2029[7]	0.31
23 May 2019	23 May 2024 to 22 May 2029[7]	0.33
19 June 2020	28 August 2020 to 27 August 2027[8]	0.27
19 June 2020	28 August 2021 to 27 August 2027[8]	0.31
19 June 2020	28 August 2022 to 27 August 2027[8]	0.35
19 June 2020	27 September 2020 to 27 March 2028[8]	0.28
19 June 2020	27 September 2021 to 27 March 2028[8]	0.32
19 June 2020	27 September 2022 to 27 March 2028[8]	0.35
19 June 2020	28 May 2021 to 27 May 2028[8]	0.30
19 June 2020	28 May 2022 to 27 May 2028[8]	0.34
19 June 2020	28 May 2023 to 27 May 2028[8]	0.37
19 June 2020	23 May 2022 to 22 May 2029[8]	0.35
19 June 2020	23 May 2023 to 22 May 2029[8]	0.38
19 June 2020	23 May 2024 to 22 May 2029[8]	0.41
11 December 2020	11 December 2023 to 10 December 2030[9]	0.40
11 December 2020	11 December 2024 to 10 December 2030[9]	0.43
11 December 2020	11 December 2025 to 10 December 2030[9]	0.45
2 July 2024	2 July 2025 to 1 July 2034[15]	0.17
2 July 2024	2 July 2026 to 1 July 2034[15]	0.20
2 July 2024	2 July 2027 to 1 July 2034[15]	0.22
2 July 2024	2 July 2028 to 1 July 2034[15]	0.23

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For Employees:

Date of grant	Exercise period	Fair value HK$ per share[12]
29 September 2014	29 September 2017 to 28 September 2024[3]	1.06[13]
29 September 2014	29 September 2018 to 28 September 2024[3]	1.14[13]
29 September 2014	29 September 2019 to 28 September 2024[3]	1.20[13]
29 September 2014	29 September 2017 to 28 September 2024[3]	1.09[14]
29 September 2014	29 September 2018 to 28 September 2024[3]	1.16[14]
29 September 2014	29 September 2019 to 28 September 2024[3]	1.22[14]
7 October 2015	7 October 2018 to 6 October 2025[4]	1.22
7 October 2015	7 October 2019 to 6 October 2025[4]	1.30
7 October 2015	7 October 2020 to 6 October 2025[4]	1.37
27 March 2018	27 September 2020 to 27 March 2028[5]	1.42
27 March 2018	27 September 2021 to 27 March 2028[5]	1.53
27 March 2018	27 September 2022 to 27 March 2028[5]	1.62
28 May 2018	28 May 2021 to 27 May 2028[6]	1.48
28 May 2018	28 May 2022 to 27 May 2028[6]	1.59
28 May 2018	28 May 2023 to 27 May 2028[6]	1.68
23 May 2019	23 May 2022 to 22 May 2029[7]	0.25
23 May 2019	23 May 2023 to 22 May 2029[7]	0.28
23 May 2019	23 May 2024 to 22 May 2029[7]	0.31
19 June 2020	28 August 2020 to 27 August 2027[8]	0.27
19 June 2020	28 August 2021 to 27 August 2027[8]	0.31
19 June 2020	28 August 2022 to 27 August 2027[8]	0.35
19 June 2020	27 September 2020 to 27 March 2028[8]	0.28
19 June 2020	27 September 2021 to 27 March 2028[8]	0.32
19 June 2020	27 September 2022 to 27 March 2028[8]	0.35
19 June 2020	28 May 2021 to 27 May 2028[8]	0.30
19 June 2020	28 May 2022 to 27 May 2028[8]	0.34
19 June 2020	28 May 2023 to 27 May 2028[8]	0.37
19 June 2020	23 May 2022 to 22 May 2029[8]	0.35
19 June 2020	23 May 2023 to 22 May 2029[8]	0.38
19 June 2020	23 May 2024 to 22 May 2029[8]	0.41
11 December 2020	11 December 2023 to 10 December 2030[9]	0.40
11 December 2020	11 December 2024 to 10 December 2030[9]	0.43
11 December 2020	11 December 2025 to 10 December 2030[9]	0.45
16 June 2022	16 June 2025 to 15 June 2032[10]	0.45
16 June 2022	16 June 2026 to 15 June 2032[10]	0.49
16 June 2022	16 June 2027 to 15 June 2032[10]	0.52
2 July 2024	2 July 2025 to 1 July 2034[11]	0.17
2 July 2024	2 July 2026 to 1 July 2034[11]	0.20
2 July 2024	2 July 2027 to 1 July 2034[11]	0.22
2 July 2024	2 July 2028 to 1 July 2034[11]	0.23
2 July 2024	2 July 2029 to 1 July 2034[15]	0.25

Notes:

(1) The percentage is calculated based on the total number of 1,668,031,166 shares in issue as at 31 December 2024.

(2) The share options are exercisable within a period of 10 years from 29 September 2014 and subject to the following vesting schedule and performance review:

(i) one third of the share options vested on 29 September 2017;

(ii) one third of the share options vested on 29 September 2018; and

(iii) the remaining one third of the share options vested on 29 September 2019.

(3) The share options are exercisable within a period of 10 years from 29 September 2014 and subject to the following vesting schedule and performance review:

(i) for some grantees, the share options shall be vested on 29 September 2018; and

(ii) for the remaining grantees, one third of the share options vested on 29 September 2017, one third of the share options vested on 29 September 2018 and the remaining one third of the share options vested on 29 September 2019.

(4) The share options are exercisable within a period of 10 years from 7 October 2015 and subject to the following vesting schedule and performance review:

(i) one third of the share options vested on 7 October 2018;

(ii) one third of the share options vested on 7 October 2019; and

(iii) the remaining one third of the share options vested on 7 October 2020.

(5) The share options are exercisable within a period of 10 years from 27 March 2018 and subject to the following vesting schedule and performance review:

(i) 20% of the share options vested on 27 September 2020;

(ii) another 30% of the share options vested on 27 September 2021; and

(iii) the remaining share options vested on 27 September 2022.

(6) The share options are exercisable within a period of 10 years from 28 May 2018 and subject to the following vesting schedule and performance review:

(i) 20% of the share options vested on 28 May 2021;

(ii) another 30% of the share options vested on 28 May 2022; and

(iii) the remaining share options vested on 28 May 2023.

(7) The share options are exercisable within a period of 10 years from 23 May 2019 and subject to the following vesting schedule and performance review:

(i) 20% of the share options vested on 23 May 2022;

(ii) another 30% of the share options vested on 23 May 2023; and

(iii) the remaining share options vested on 23 May 2024.

(8) Among the 19,595,000 share options, the vesting schedule and exercise period are as follows:

(i) 46,666 share options will be vested on 28 August 2020 and exercisable until 27 August 2027;

(ii) 46,666 share options will be vested on 28 August 2021 and exercisable until 27 August 2027;

(iii) 46,668 share options will be vested on 28 August 2022 and exercisable until 27 August 2027;

(iv) 1,579,200 share options will be vested on 27 September 2020 and exercisable until 27 March 2028;

(v) 2,368,800 share options will be vested on 27 September 2021 and exercisable until 27 March 2028;

(vi) 3,948,000 share options will be vested on 27 September 2022 and exercisable until 27 March 2028;

(vii) 148,000 share options will be vested on 28 May 2021 and exercisable until 27 May 2028;

(viii) 222,000 share options will be vested on 28 May 2022 and exercisable until 27 May 2028;

(ix) 370,000 share options will be vested on 28 May 2023 and exercisable until 27 May 2028;

(x) 2,163,800 share options will be vested on 23 May 2022 and exercisable until 22 May 2029;

(xi) 3,245,700 share options will be vested on 23 May 2023 and exercisable until 22 May 2029; and

(xii) 5,409,500 share options will be vested on 23 May 2024 and exercisable until 22 May 2029.

(9) The share options are exercisable within a period of 10 years from 11 December 2020 and subject to the following vesting schedule and performance review:

(i) 20% of the share options vested on 11 December 2023;

(ii) another 30% of the share options vested on 11 December 2024; and

(iii) the remaining share options vested on 11 December 2025.

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(10) The share options are exercisable within a period of 10 years from 16 June 2022 and subject to the following vesting schedule and performance review:

(i) 20% of the share options vested on 16 June 2025;

(ii) another 30% of the share options vested on 16 June 2026; and

(iii) the remaining share options vested on 16 June 2027.

(11) Among the 108,824,000 share options, the vesting schedule and exercise period are as follows:

(i) 59,408,000 share options will be vested on 2 July 2025 and exercisable until 1 July 2034;

(ii) 9,617,200 options will be vested on 2 July 2026 and exercisable until 1 July 2034;

(iii) 19,289,800 share options will be vested on 2 July 2027 and exercisable until 1 July 2034;

(iv) 11,374,000 share options will be vested on 2 July 2028 and exercisable until 1 July 2034; and

(v) 9,135,000 share options will be vested on 2 July 2029 and exercisable until 1 July 2034.

(12) The fair value of the share options is determined in accordance with HKFRS 2 by reference to the cost of purchase of the share options, or the fair value at grant date, taking into account all non-vesting conditions associated with the grant on grant date. No adjustment is required for expected dividends since the employees are entitled to receive dividends paid during the vesting period. Details of the accounting policy adopted are set out in Note 2.4 to the consolidated Financial Statements. During 2023, no share option had been granted to any Director or employee of the Group.

(13) The share options were granted for employees of CYBEX.

(14) The share options were granted for employees of gb.

(15) Mr. Xia Xinyue, a former executive Director, resigned and ceased to be a Director since 29 February 2024. Accordingly, under the terms of the 2010 Share Option Scheme and the 2020 Share Option Scheme, the Share Options granted to him by the Company and vested before the date of cessation shall automatically lapse and become not exercisable if they are not exercised within three months from the date of cessation. Share Options granted to him by the Company but not yet vested before the date of cessation had automatically lapsed and become not exercisable immediately from the date of cessation.

(16) Mr. Michael Nan Qu, a former executive Director, retired and ceased to be a Director since 20 May 2024. However, he continues to be an employee of the Company and therefore, pursuant to the terms of the 2010 Share Option Scheme and the 2020 Share Option Scheme, the Share Options granted to him by the Company and vested before the date of him ceasing to be an executive Director shall continue to be valid and are still exercisable during the exercise period.

As at 1 January 2024 and 31 December 2024, the total number of options available for grant under the 2020 Share Option Scheme was 119,034,566 and 13,623,316 respectively.

As at 31 December 2024, the number of shares that may be issued in respect of the options granted under the 2010 Share Option Scheme and the 2020 Share Option Scheme in total divided by the weighted average number of ordinary shares of the Company in issue for the year ended 31 December 2024 was 11.68%.

As at 31 December 2024, the total number of shares available for issue under the 2020 Share Option Scheme was 13,623,316 shares, which represented 0.817% of the shares in issue as at the date of this annual report.

The options granted pursuant to the 2010 Share Option scheme and the 2020 Share Option Scheme will expire no later than 10 years from the date of grant of the relevant option.

The remaining life of the 2020 Share Option Scheme is approximately 5 years and 1 month as at the date of this report.

For any options granted to Directors, chief executives or substantial shareholders of the Company, or any of their respective associate, options to be granted to any of these persons shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of options). Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period, (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders (voting by way of poll).

The maximum number of shares issued and to be issued in respect of options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the total shares of the Company in issue, without prior approval from the shareholders of the Company and with such participants and his associates abstaining from voting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1.00 in total by the grantee. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's share.

The 2020 Share Option Scheme does not contain any minimum period for which an option must be held before it can be exercised. However, at the time of granting of the options, the Board may specify any such minimum period.

Unless otherwise terminated by the Board or the shareholders in general meeting in accordance with the terms of the 2020 Share Option Scheme, the 2020 Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption which was 25 May 2020, after which no further options will be granted or offered but the provisions of the 2020 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the 2020 Share Option Scheme.

The Company proposes to adopt a share option scheme on 27 May 2025 subject to shareholders' approval. Save as disclosed in this report, no share option was granted under the 2020 Share Option Scheme till the date of this report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Schemes as set out in note 32 to the consolidated financial statements, at no time during the year was the Company, its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

INTEREST AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2024, the interests or short positions of the Directors or chief executives of the Company then in office in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to the Model Code, are as follows:

DIRECTORS' INTEREST IN THE SHARES AND/OR UNDERLYING SHARES

Name of Director	Nature of Interest	Number of Shares and/or Underlying Shares	Approximate percentage of Shareholding
Mr. Song Zhenghuan ("Mr. Song") (Notes 2 & 5)	Beneficiary of a trust/ Beneficial owner/ Interest of controlled corporation/Interest of spouse	770,195,427 (L)	46.17%
Mr. Liu Tongyou ("Mr. Liu") (Note 3)	Beneficial owner	47,310,573 (L)	2.84%
Mr. Martin Pos	Beneficial owner/Interest of controlled corporation	126,580,915 (L)	7.59%
Ms. Fu Jingqiu ("Ms. Fu") (Notes 2 & 5)	Beneficiary of a trust/ Beneficial owner/ Interest of spouse	770,195,427 (L)	46.17%
Mr. Ho Kwok Yin, Eric	Beneficial owner	96,000 (L)	0.01%
Mr. Shi Xiaoguang	Beneficial owner	96,000 (L)	0.01%
Ms. Chiang Yun	Beneficial owner	96,000 (L)	0.01%
Mr. Jin Peng	Beneficial owner	96,000 (L)	0.01%

REPORT OF THE BOARD OF DIRECTORS

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Mr. Song and Ms. Fu are beneficiaries of Grappa Trust of which Trident Trust Company (HK) Limited is the trustee. Ms. Fu is a beneficiary of Gramma Trust of which Trident Trust Company (HK) Limited is the trustee. See note (2) of the section headed "Substantial Shareholders' Interests and Short Positions" for further details of the interest.

(3) Mr. Liu is interested in 29,057,573 shares of the Company held through Silvermount Limited, a company wholly owned by him. He also holds 18,253,000 share options of the Company.

(4) Each of the Directors is deemed to have an interest in the underlying shares of the Company within the meaning of Part XV of the SFO in respect of the share options of the Company granted to him/her, details are as follows:

Name of Director	Number of Share Options granted
Mr. Song Zhenghuan	1,668,000
Mr. Liu Tongyou	18,253,000
Mr. Martin Pos	38,380,000
Mr. Michael Nan Qu *(retired on 20 May 2024)*	4,100,000
Ms. Fu Jingqiu	2,485,000
Mr. Ho Kwok Yin, Eric	96,000
Ms. Chiang Yun	96,000
Mr. Shi Xiaoguang	96,000
Mr. Jin Peng	96,000

(5) Since Ms. Fu is Mr. Song's spouse, each of Mr. Song and Ms. Fu is deemed to have an interest in the underlying Shares of the Company within the meaning of Part XV of the SFO in respect of the Share Options of the Company granted to each of them.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company or their respective close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 31 December 2024, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Name	Capacity	Number of Shares and/or Underlying Shares	Approximate Percentage of Shareholding
Trident Trust Company (HK) Limited ("TTC") (Note 2)	Trustee	766,042,427 (L)	45.92%
Gramma Enterprises Limited	Interest of Controlled Corporation/ Beneficial Owner	696,304,251 (L)	41.74%
Rosy Phoenix Limited (Note 2)	Beneficial Owner	696,304,251 (L)	41.74%
Cayey Enterprises Limited (Note 2)	Interest of Controlled Corporation/ Beneficial Owner	608,550,380 (L)	36.48%
Grappa Enterprises Limited (Note 2)	Interest of Controlled Corporation	608,550,380 (L)	36.48%
Pacific United Developments Limited ("PUD") (Note 2)	Beneficial Owner	409,518,229 (L)	24.55%
Sure Growth Investments Limited (Note 2)	Beneficial Owner	129,293,975 (L)	7.75%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Grappa Enterprises Limited and Gramma Enterprises Limited are indirect wholly-owned by TTC. Grappa Enterprises Limited holds 99.99% of Cayey Enterprises Limited and 99% of Gramma Enterprises Limited directly. Cayey Enterprises Limited is interested in 26.72% of PUD and 44.44% of Sure Growth Investments Limited. Gramma Enterprises Limited holds 99% of Rosy Phoenix Limited directly, which in turn holds 26.72% of PUD and 22.22% of Sure Growth Investments Limited. TTC is the trustee of Gramma Trust and Grappa Trust holding interest on trust for the beneficiaries of the Gramma Trust and Grappa Trust, respectively. The beneficiaries of Grappa Trust include Mr. Song and his family members and the beneficiaries of Gramma Trust include Ms. Fu and her family members.

Save as disclosed above, as at 31 December 2024, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SUBSIDIARIES

The Group's operations are conducted worldwide through its direct or indirect subsidiaries. Details of the principal subsidiaries of the Company as at 31 December 2024 are set out in note 1 to the Financial Statements.

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.

CONNECTED TRANSACTIONS

The Group's related parties transactions marked with "#" for the year ended 31 December 2024 set out in note 39 to the Financial Statements constitute connected transactions as defined in chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS WHICH ARE EXEMPTED FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT, BUT SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS OF THE LISTING RULES

2024 FIRST LEASE AGREEMENT

On 29 November 2021, 好孩子集團平鄉有限公司 (Goodbaby Group Pingxiang Co., Ltd.*) ("GGPX"), a company established in the PRC and a wholly owned subsidiary of 好孩子集團有限公司 (Goodbaby Group Co., Ltd.*) ("GGCL"), and 好孩子兒童用品平鄉有限公司 (Goodbaby Child Products Pingxiang Co., Ltd.*) ("GCPX"), a company established in the PRC and an indirect wholly owned subsidiary of the Company entered into a renewal agreement (the "2021 First Lease Agreement") to renew the 2018 First Lease Agreement for a term of three years commencing from 1 January 2022 and ended on 31 December 2024. On 30 August 2024, GGPX and GCPX entered into a renewal agreement (the "2024 First Lease Agreement") to renew the 2021 First Lease Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

Pursuant to the 2024 First Lease Agreement, GGPX agreed to lease Property I (as defined in the announcement of the Company dated 30 August 2024) to GCPX principally for production and for manufacturing and manufacturing support facilities purposes.

REPORT OF THE BOARD OF DIRECTORS

The aggregate annual rental payable by GCPX to GGPX under the 2024 First Lease Agreement was determined after arm's length negotiation between the parties thereto with reference to the prevailing market rent as well as the qualities of other properties in the area surrounding Property I, the potential increase in market rentals during the term of the 2024 First Lease Agreement and the historical annual caps and actual transaction amount of the 2021 First Lease Agreement. Rental payment for each month is payable in advance on a monthly basis before the tenth day of each month.

The annual rentals under the 2024 First Lease Agreement for each of the three years ending 31 December 2027 are RMB13,392,459, RMB13,888,476 and RMB14,384,493, respectively.

GGPX is a wholly-owned subsidiary of GGCL, a company which is held as to approximately 67.11% by Mr. Song Zhenghuan, the Company's chairman and executive Director and his spouse. Accordingly, GGPX is a connected person of the Company under Chapter 14A of the Listing Rules and the entering of the 2024 First Lease Agreement constitutes as a connected transaction for the Company.

2024 SECOND LEASE AGREEMENT

On 29 November 2021, 好孩子集團平鄉有限公司 (Goodbaby Group Pingxiang Co., Ltd.*) ("GGPX"), a company established in the PRC and a wholly owned subsidiary of GGCL, and 好孩子兒童用品有限公司 (Goodbaby Child Products Co., Ltd.*) ("GCPC"), a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company, entered into a renewal agreement (the "2021 Second Lease Agreement") to renew the 2018 Second Lease Agreement for a term of three years commencing from 1 January 2022 and ended on 31 December 2024. On 30 August 2024, GCPX and GCPC entered into a renewal agreement (the "2024 Second Lease Agreement" and together with the 2024 First Lease Agreement, the "2024 Lease Agreements") to renew the 2021 Second Lease Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

Pursuant to the 2024 Second Lease Agreement, GGPX agreed to lease Property II (as defined in the announcement of the Company dated 29 November 2021) to GCPC principally for the usage as logistics warehouse purpose. The aggregate annual rental payable by GCPC to GGPX under the 2024 Second Lease Agreement was determined with reference to the prevailing market rent as well as the qualities of other properties in the area surrounding Property II, the potential increase in market rentals during the term of the 2024 Second Lease Agreement; and the historical annual caps and actual transaction amount under the 2021 Second Lease Agreement. Rental payment for each month is payable in advance on a monthly basis before the tenth day of each month.

The annual rentals under the 2024 Second Lease Agreement for each of the three years ending 31 December 2027 are RMB2,105,851, RMB2,179,046 and RMB2,246,241, respectively.

GGPX is a wholly-owned subsidiary of GGCL, a company which is held as to approximately 67.11% by Mr. Song Zhenghuan, the Company's chairman and executive Director and his spouse. Accordingly, GGPX is a connected person of the Company under Chapter 14A of the Listing Rules and the entering of the 2021 Second Lease Agreement constitutes as a connected transaction for the Company.

The right-of-use assets acquired under the 2024 Lease Agreements will be recognized by the Group in its consolidated statement of financial position in accordance with IFRS 16. Accordingly, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder will be deemed as an acquisition of right-of-use assets by the Group. The total value of the right-of-use assets is estimated to be approximately RMB42,657,000 (equivalent to HK$45,375,000), which is calculated with reference to the gross rental payments under the 2024 Lease Agreements. As one or more of the applicable percentage ratios of the estimated value of the right-of-use assets to be recognized by the Company under the 2024 Lease Agreements are more than 0.1% but less than 5%, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details of the 2024 Lease Agreements, please also refer to the announcements of the Company dated 7 October 2015, 28 August 2018, 29 November 2021 and 30 August 2024.

SUPPLY AGREEMENTS WITH GOODBABY CHINA HOLDINGS LIMITED (THE "GCHL" OR "CAGB")

On 28 August 2018, the Company and GCHL entered into a supply agreement (the "2018 Supply Agreement") for a fixed term of three years commencing from 1 January 2019 and ending on 31 December 2021. On 23 August 2021, the Company and GCHL entered into a renewal agreement (the "2021 Supply Agreement", together with the 2018 Supply Agreement referred to as "Supply Agreements") to renew the 2018 Supply Agreement for a fix term of three years commencing from 1 January 2022 to 31 December 2024.

Pursuant to the Supply Agreements, the Company agreed to supply, or procure its subsidiaries to supply, among other things, (i) durable juvenile products of strollers, children's car seats, cribs, children's bicycles and other durable juvenile products under the "CYBEX", "Evenflo", "gb", "Happy Dino" and other brands; and (ii) non-durable juvenile products of infant, hygiene care, wipes, apparels, footwear and accessories and other non-durable juvenile products under "gb", "Happy Dino" and other brands ("MBC Products") to GCHL and its subsidiaries as non-exclusive distributors to distribute the MBC Products domestically in the PRC.

Subject to the Supply Agreements, the total price and terms of each order will be set out in individual contracts. The price of each MBC Product to be supplied by the Group under the 2021 Supply Agreement will be determined upon arm's length negotiation between the parties in the ordinary course of business of the Group.

To determine the prevailing market price, the production or outsourcing department of the Company will provide the cost analysis in relation to each MBC Product to the market and sales department for consideration. The prevailing market price is determined through market research involving obtaining questionnaires from potential customers and/or distributors based on the type and nature of the relevant product. At the same time, the market and sales department will also obtain quotes of similar products from not less than two competing brands unless such quotes are not available for certain types of products. Once the information on prevailing market price of the relevant product has been gathered through market research, the market and sales department will determine the proposed benchmark retail price and then discuss with the finance department on the gross profit requirement applicable to each relevant product in order to determine the mark-up rate as well as the discount rate applicable to each relevant product, and submit the final purchase price of the relevant product to the general manager of the market and sales department for final approval.

The price of each MBC Product will be determined along the following principles:

(1) Pre-determine a benchmark retail price for each MBC Product;

(2) Determine the discount rate; and

(3) Ensure the terms offered to GCHL and its subsidiaries, as connected persons of the Group, are no more favourable to the terms offered to independent third parties.

REPORT OF THE BOARD OF DIRECTORS

The annual caps under the 2021 Supply Agreement for each of the three years ending 31 December 2024 are RMB20,000,000, RMB26,000,000 and RMB34,000,000, respectively.

The transaction between the Company and its subsidiaries and GCHL and its subsidiaries in relation to the MBC Products sold for the year ended 31 December 2024 was RMB2,667,657 (approximately HK$2,896,000). For further details, please also refer to the announcements of the Company dated 28 August 2018, 23 August 2021 and 13 September 2021, respectively.

GCHL is a company which is held as to approximately 94.58% by companies ultimately controlled by the Chairman and his spouse, including Pacific United Developments Limited ("PUD"), a substantial shareholder of the Company. Accordingly, GCHL is an associate of the Chairman under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules and the entering of the Supply Agreements constitute connected transactions for the Company.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions above of the Group.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the auditors of the Company to perform certain agreed-upon procedures on the aforesaid continuing connected transactions. Based on the work performed, the auditors of the Company have provided a letter to the Board confirming that the aforesaid continuing connected transactions:

(i) have been approved by the Directors;

(ii) were entered into in accordance with the pricing policies of the Company;

(iii) were entered into in accordance with the terms of the relevant agreements governing such transactions; and

(iv) did not exceed the annual cap amounts.

SPECIFIC PERFORMANCE OBLIGATIONS OF CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES

APRIL 2021 FACILITY AGREEMENT

To refinance certain existing bank loans, on 13 April 2021, Goodbaby (Hong Kong) Limited, a wholly-owned subsidiary of the Company (as borrower), the Company (as guarantor), one financial institution (as mandated lead arranger and bookrunner and underwriter, facility agent and security agent) and certain financial institutions (as original lenders) entered into a facility agreement (the "April 2021 Facility Agreement") in respect of a US$165,000,000 term loan facility with a term of 36 months from the first utilisation date. The total commitment under the April 2021 Facility Agreement may be increased by not more than US$85,000,000 by way of accession(s) of additional lender(s). With this refinance, the debt structure of the Company will be optimized and relevant finance cost will be improved.

Under the April 2021 Facility Agreement, if (a) Mr. Song (together with his family, including his or his spouse's family trust) is, collectively, no longer the single largest beneficial shareholder of the Company; or (b) Mr. Song (together with his family, including his or his spouse's family trust) collectively, no longer beneficially owns at least 30% of the issued share capital of the Company, then the borrower shall:

(1) immediately notify the facility agent thereof. Forthwith after the occurrence of such event or circumstance, no further utilisation shall be made and all the available facility shall be automatically cancelled in full; and

(2) at the request of any lender, prepay that lender's participation in the loans together with accrued interests thereon and break costs (if any).

If the shares in the Company are beneficially owned by any person mentioned above through one or more corporations ("holding companies") controlled by such person(s) (whether acting alone or together), then the entire shareholding of such holding companies in the Company shall be taken into account in determining compliance with (a) and (b) above.

As at the date of this report, all the amounts borrowed under the April 2021 Facility Agreement had been fully repaid.

For further details, please also refer to the announcement of the Company dated 13 April 2021.

APRIL 2024 FACILITY AGREEMENT

To refinance certain existing bank loans, on 8 April 2024, Goodbaby (Hong Kong) Limited ("GBHK"), a wholly-owned subsidiary of the Company (as borrower), the Company (as guarantor), one financial institution (as sole global coordinator, mandated lead arranger and bookrunner, facility agent and security agent) and certain financial institutions (as original lenders) (collectively, the "Finance Parties") entered into a facilities agreement (the "April 2024 Facility Agreement") in respect of certain term loan facilities consisting of US Dollars facilities in a total amount of US$160,000,000, with a term of 36 months from the first utilisation date. The total commitment under the April 2024 Facility Agreement may be increased by not more than US$50,000,000 or its equivalent in Euro with the prior written consent of GBHK, by way of accession(s) of additional lender(s). With this refinance, the debt structure of the Company will be optimized and relevant finance cost will be improved.

Under the April 2024 Facility Agreement, if Song Zhenghuan ("Mr. Song") (together with his family, including his or his spouse's family trust) collectively, (a) no longer beneficially owns more than 20% of the issued share capital of the Company; or (b) are no longer the single largest beneficial shareholder of the Company or no longer holds the position of chairperson of the board of directors of the Company, then the borrower shall:

(i) immediately notify the facility agent thereof. Forthwith after the occurrence of such event or circumstance, no further utilisation shall be made and all the available facility shall be automatically cancelled in full; and

(ii) at the request of any lender, prepay that lender's participation in the loans together with accrued interests thereon and break costs (if any). If the shares in the Company are beneficially owned by any person mentioned above through one or more corporations ("Holding Companies") controlled by such person(s) (whether acting alone or together), then the entire shareholding of such Holding Companies in the Company shall be taken into account in determining compliance with (a) and (b) above.

As at the date of this report, a total amount of US$133,550,000 had been utilised under the April 2024 Facility Agreement.

REPORT OF THE BOARD OF DIRECTORS

For further details, please also refer to the announcement of the Company dated 8 April 2024.

Save as disclosed above, as at the date of this report, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENVIRONMENTAL PROTECTION

While maintaining our own production and operation capabilities, the Company also has reinforced the fusion of environmental protection, safety, health and social responsibility into our corporate development strategies by establishing the ESG report working team in line with our business development. The Company and the Group uphold the concept of sustainable development, focus attention on the design of research and development, production and operation environment, social and governance risks, strive to achieve sustainable growth.

The Company considers our staff, shareholders and potential investors, government authorities, suppliers, community individuals, media and consumers as our key stakeholders, and values highly the expectations and opinions of our stakeholders on us with respect to environment, society and governance. The Company has commenced multi-dimensional risk analysis, identified issues on the environment, society and importance of governance which are the concerns in our own development and of the relevant stakeholders.

For further relevant information regarding our performance on environmental, social and governance aspects during the reporting period, please refer to the Environmental, Social and Governance Report issued by the Company on even date for details. The Company has formulated the compliance procedures to ensure compliance with, in particular, the applicable laws, rules and regulations having material effect on us. The relevant employees and the relevant operating entities will be informed of any changes in the applicable laws, rules and regulations from time to time.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the corporate governance report contained in this annual report.

INDEMNITY AND INSURANCE PROVISIONS

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors. Also, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles of Association.

EXCHANGE RISKS

Details of the exchange risks are set out in note 42 to the Financial Statements.

PURCHASE, SALE, REDEMPTION OR RE-PURCHASE OF SHARES

There was no purchase, sale, redemption and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 December 2024.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

Changes in Directors' biographical details since the date of the 2024 interim report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules, are set out below:

Mr. Wong Shun Tak was appointed as an independent non-executive director of the Company on 26 March 2025.

Save as disclosed above and in the section headed "Directors and Senior Management" on pages 23 to 31 of this annual report, there has been no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules since the publication of the 2024 interim report of the Company.

EVENT AFTER THE REPORTING PERIOD

As at the date of this report, in view of the amendments to Chapter 17 of the Listing Rules which have taken effect since 1 January 2023, the Board has resolved to adopt a new share option scheme (the "2025 Share Option Scheme") to replace the 2020 Share Option Scheme at an extraordinary general meeting of the Company to be convened immediately after the forthcoming AGM. The adoption of the 2025 Share Option Scheme will be conditional upon:

(i) the passing of the necessary resolutions by the shareholders of the Company to approve and adopt the rules of 2025 Share Option Scheme; and

(ii) the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the 2025 Share Option Scheme.

Please refer to the announcement of the Company issued on 26 March 2025 regarding the proposed adoption of the 2025 Share Option Scheme and the termination of the 2020 Share Option Scheme for details.

Details of the event after the reporting period of the Group are set out in note 44 to the Financial Statements.

Saved as disclosed above, there are no significant events after the end of the reporting period.

FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past five financial years is set out in page 204 of this report.

PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights in the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this annual report, the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required by the Listing Rules.

AUDITORS

The financial statements of the Company for the year ended 31 December 2024 have been audited by Ernst & Young which will retire, and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

A resolution for the re-appointment of Ernst & Young as auditors of the Company is to be proposed at the forthcoming annual general meeting.

For and on behalf of the Board of Directors
Song Zhenghuan
Chairman

26 March 2025

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of Goodbaby International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 79 to 203, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and intangible assets with indefinite lives	
The goodwill and other intangible assets with indefinite lives of the Group arose from business combinations amounted to HK$2,533 million and HK$1,571 million as at 31 December 2024, which represented 24% and 15% of the total assets, respectively. The Group is required to perform impairment testing on goodwill and intangible assets with indefinite life annually. Management's assessment process involves significant estimates and judgements, including assessing expected future cash flow forecasts, associated growth rates, budgeted gross margins and the discount rates applied. The Group's disclosures about goodwill and intangible assets with indefinite lives are included in Note 2.4, Note 3, and Note 16 to the consolidated financial statements.	Our audit procedures, among others, included an assessment of the evaluation of management and testing of key assumptions, methodologies, cash-generating unit determination, cash flow forecast and other data used by the Group. In performing audit procedures, we checked the sales assumption to historical actual sales with growth rates comparable to the market and assessed budgeted gross margin against historical trend and the discount rate assumption against the cost of equity and the cost of debt of comparable companies. We also involved our internal specialists to assist us in assessing the assumptions and methodologies used by the Group. We also assessed the adequacy of the Group's disclosures of the assumptions to which the outcome of the impairment test is more sensitive.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements 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.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Ernst & Young
Certified Public Accountants
Hong Kong
26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		(HK$'000)	
Revenue	5	8,765,905	7,927,326
Cost of sales		(4,258,005)	(3,959,612)
Gross profit		4,507,900	3,967,714
Other income and gains	5	34,432	129,413
Selling and distribution expenses		(2,456,521)	(2,266,661)
Administrative expenses		(1,568,300)	(1,461,562)
Other expenses		(17,590)	(539)
Finance income	6	26,732	48,199
Finance costs	7	(155,491)	(215,552)
Share of profits and losses of:			
Joint ventures		8,408	(4,192)
An associate		–	(390)
PROFIT BEFORE TAX	8	**379,570**	**196,430**
Income tax (expense)/credit	11	(23,354)	12,031
PROFIT FOR THE YEAR		**356,216**	**208,461**
Attributable to:			
Owners of the parent		355,846	203,496
Non-controlling interests		370	4,965
		356,216	208,461
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:	13		
Basic			
For profit for the year (HK$)		0.21	0.12
Diluted			
For profit for the year (HK$)		0.21	0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	2024	2023
	(HK$'000)	
PROFIT FOR THE YEAR	**356,216**	**208,461**
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the year	36,524	(112,061)
Reclassification adjustments for (income)/loss included in the consolidated statement of profit or loss	(8,545)	105,831
Income tax effect	(4,004)	715
	23,975	(5,515)
Exchange differences on translation of foreign operations	(198,698)	(99,987)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(174,723)	(105,502)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Actuarial income/(loss) of defined benefit plans	819	(82)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	819	(82)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(173,904)**	**(105,584)**
TOTAL COMPREHENSIVE INCOME	**182,312**	**102,877**
Attributable to:		
Owners of the parent	181,918	97,605
Non-controlling interests	394	5,272
	182,312	**102,877**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
		(HK$'000)	
NON-CURRENT ASSETS			
Property, plant and equipment	14	819,179	888,935
Right-of-use assets	15(a)	281,486	276,546
Goodwill	16	2,532,832	2,608,675
Other intangible assets	17	2,000,469	2,045,025
Investments in joint ventures		4,958	5,191
Investment in an associate		–	8,333
Deferred tax assets	29	125,553	85,142
Other long-term assets	18	4,015	4,179
Total non-current assets		5,768,492	5,922,026
CURRENT ASSETS			
Inventories	19	1,712,437	1,462,781
Trade receivables	20	1,084,452	1,175,812
Prepayments and other receivables	21	691,184	597,599
Due from related parties	39	545	6,397
Financial assets at fair value through profit or loss	22	–	55,011
Cash and cash equivalents	23	1,099,358	981,899
Pledged deposits	23	26,684	612,028
Time deposits	23	–	549,998
Derivative financial instruments	24	20,430	9,903
Total current assets		4,635,090	5,451,428
CURRENT LIABILITIES			
Trade and bills payables	25	1,457,628	1,304,386
Other payables and accruals	26	1,037,527	920,041
Income tax payable		77,990	55,405
Provision	27	46,637	48,550
Interest-bearing bank loans and other borrowings	28	475,886	2,705,829
Lease liabilities	15(b)	95,981	107,127
Derivative financial instruments	24	12,063	42,013
Due to related parties	39	1,909	502
Defined benefit plan liabilities		240	379
Total current liabilities		3,205,861	5,184,232
NET CURRENT ASSETS		1,429,229	267,196
TOTAL ASSETS LESS CURRENT LIABILITIES		7,197,721	6,189,222

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
		(HK$'000)	
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	28	979,171	88,018
Provision	27	21,338	25,451
Defined benefit plan liabilities		2,034	2,775
Other liabilities	30	971	1,563
Lease liabilities	15(b)	164,468	148,518
Deferred tax liabilities	29	214,122	295,164
Total non-current liabilities		1,382,104	561,489
Net assets		**5,815,617**	**5,627,733**
EQUITY			
Equity attributable to owners of the parent			
Share capital	31	16,680	16,680
Reserves	33	5,773,175	5,585,685
		5,789,855	5,602,365
Non-controlling interests		25,762	25,368
Total equity		**5,815,617**	**5,627,733**

SONG Zhenghuan
Director

LIU Tongyou
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the parent												
	Share capital	Share premium	Share option reserve	Statutory reserve funds	Cumulative translation adjustments	Defined benefit plans	Merger reserve	Capital reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
							(HK$'000)						
	(note 31)			(note 33)			(note 33)						
At 31 December 2023 and 1 January 2024	16,680	3,320,411	204,343	275,934	(382,489)	5,776	153,975	(22,613)	(16,919)	2,047,267	5,602,365	25,368	5,627,733
Profit for the year	–	–	–	–	–	–	–	–	–	355,846	355,846	370	356,216
Remeasurement effects of defined benefit plans	–	–	–	–	–	819	–	–	–	–	819	–	819
Cash flow hedges, net of tax	–	–	–	–	–	–	–	–	23,975	–	23,975	–	23,975
Exchange differences on translation	–	–	–	–	(198,722)	–	–	–	–	–	(198,722)	24	(198,698)
Total comprehensive income for the year	–	–	–	–	(198,722)	819	–	–	23,975	355,846	181,918	394	182,312
Equity-settled share option arrangements	–	–	5,572	–	–	–	–	–	–	–	5,572	–	5,572
At 31 December 2024	**16,680**	**3,320,411***	**209,915***	**275,934***	**(581,211)***	**6,595***	**153,975***	**(22,613)***	**7,056***	**2,403,113***	**5,789,855**	**25,762**	**5,815,617**
At 31 December 2022 and 1 January 2023	16,680	3,320,411	207,590	265,117	(282,807)	5,858	153,975	(8,256)	(11,404)	1,849,514	5,516,678	40,975	5,557,653
Profit for the year	–	–	–	–	–	–	–	–	–	203,496	203,496	4,965	208,461
Remeasurement effects of defined benefit plans	–	–	–	–	–	(82)	–	–	–	–	(82)	–	(82)
Cash flow hedges, net of tax	–	–	–	–	–	–	–	–	(5,515)	–	(5,515)	–	(5,515)
Exchange differences on translation	–	–	–	–	(100,294)	–	–	–	–	–	(100,294)	307	(99,987)
Total comprehensive income for the year	–	–	–	–	(100,294)	(82)	–	–	(5,515)	203,496	97,605	5,272	102,877
Acquisition of a non-controlling interest	–	–	–	–	–	–	–	(14,357)	–	–	(14,357)	(16,759)	(31,116)
Disposal of a subsidiary (note 34)	–	–	–	–	612	–	–	–	–	–	612	(4,120)	(3,508)
Profit appropriation	–	–	–	10,817	–	–	–	–	–	(10,817)	–	–	–
Equity-settled share option arrangements	–	–	1,827	–	–	–	–	–	–	–	1,827	–	1,827
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	(5,074)	–	–	–	–	–	–	5,074	–	–	–
At 31 December 2023	**16,680**	**3,320,411***	**204,343***	**275,934***	**(382,489)***	**5,776***	**153,975***	**(22,613)***	**(16,919)***	**2,047,267***	**5,602,365**	**25,368**	**5,627,733**

* These reserve accounts comprise the consolidated reserves of HK$5,773,175,000 (2023: HK$5,585,685,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	2024	2023
	(HK$'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	379,570	196,430
Adjustments for:		
Finance costs	155,491	215,552
Share of profits and losses of:		
Joint ventures	(8,408)	4,192
An associate	–	390
Interest income	(26,732)	(48,199)
Gain on wealth investment products	–	(1,281)
Loss/(gain) on disposal of items of property, plant and equipment	8,209	(67,694)
Gain on disposal of right-of-use assets	–	(6,797)
Loss on disposal of Intangible assets	447	665
Gain on disposal of a subsidiary	–	(678)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(358)	(297)
Depreciation of property, plant and equipment	271,760	278,944
Depreciation of right-of-use assets	108,634	117,010
Amortisation of other intangible assets	82,036	69,071
Provision of inventories	17,483	31,610
Provision for impairment of receivables	(1,289)	17,069
Equity-settled share option expenses	5,572	1,827
	992,415	807,814
(Increase)/decrease in inventories	(265,737)	405,281
Decrease/(increase) in trade receivables	91,862	(196,680)
Increase in prepayments and other receivables	(93,879)	(22,436)
Decrease/(increase) in amounts due from related parties	5,852	(3,894)
Decrease in pledged deposits and time deposits	536	3,518
(Increase)/decrease in derivative financial assets	(10,527)	5,458
Decrease in other long-term assets	164	7,018
Increase in trade and bills payables	153,616	134,926
Increase in other payables and accruals	214,724	166,925
Decrease in provision	(6,026)	(27,461)
Decrease in derivative financial liabilities	(29,950)	(2,085)
Increase/(decrease) in amounts due to related parties	1,407	(228)
Decrease in defined benefit plan liabilities	(880)	(87)
Decrease in other liabilities	(592)	(371)
Cash generated from operations	1,052,985	1,277,698
Income tax refunded	–	9,775
Income tax paid	(126,029)	(64,560)
Net cash flows generated from operating activities	926,956	1,222,913

	Note	2024	2023
		(HK$'000)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		94,812	21,210
Placement of wealth investment products		(383,223)	(53,730)
Withdrawal of wealth investment products		437,510	–
Purchases of items of property, plant and equipment		(247,977)	(251,449)
Addition to other intangible assets		(98,076)	(41,422)
Proceeds from disposal of property, plant and equipment		3,817	65,171
Acquisition of a subsidiary		(6,671)	–
Disposal of a shareholding in an associate		8,333	–
Net outflow of disposal of a subsidiary		–	(1,001)
Net cash flows used in investing activities		(191,475)	(261,221)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests		–	(13,648)
New bank loans		1,836,789	732,649
Repayment of bank loans		(3,191,079)	(1,319,430)
Interest paid		(157,175)	(189,584)
Principal portion of lease payments		(110,823)	(111,417)
Withdrawal in pledged deposits and time deposits		1,051,502	4,245
Net cash flows used in financing activities		(570,786)	(897,185)
NET INCREASE IN CASH AND CASH EQUIVALENTS		164,695	64,507
Cash and cash equivalents at beginning of year		981,899	921,961
Effect of foreign exchange rate changes, net		(47,236)	(4,569)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	**1,099,358**	**981,899**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 14 July 2000 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 November 2010.

The Group is principally engaged in design, research and development ("R&D"), manufacturing, marketing and distribution of products for children.

INFORMATION ABOUT SUBSIDIARIES

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

Name of company	Place and date of incorporation/ registration and place of operation	Percentage of equity interest attributable to the Company		Issued ordinary/registered share capital	Principal activities
		Direct	Indirect		
Subsidiaries					
Goodbaby (Hong Kong) Limited ("GBHK")	Hong Kong, 23 July 1999	100%	–	Hong Kong Dollar ("HK$") 1,001	Investment holding and sales agent company
Goodbaby Child Products Co., Ltd. ("GCPC") (Note (a), (b) and (c))	The People's Republic of China ("PRC/Mainland China"), 18 November 1994	–	100%	United States Dollar ("US$") 66,660,000	Manufacture, distribution and sale of safety belts, cloth sets, car safety seats, car components for children, infant strollers and bicycles
Pingxiang Goodbaby Child Products Co., Ltd. ("GCPX") (Note (a) and (b))	PRC/Mainland China, 26 December 2011	–	100%	RMB2,000,000	Manufacture, distribution and sale of child cloth beds, infant strollers, bath chairs for children and stadium chairs
EQO Testing and Certification Services Co., Ltd. ("EQTC") (Note (a) and (b))	PRC/Mainland China, 30 November 2012	–	100%	RMB50,000,000	Testing of children's products, tools, electronic products and advisory service for risk valuation of product quality
Serena Merger Co., Inc. ("SERE")	The United States ("U.S."), 28 May 2014	–	100%	US$1,000	Investment holding
Evenflo Company, Inc. ("EFCD")	U.S., 1 October 1992	–	100%	US$86,500	Manufacture, distribution and sale of car safety seats, infant strollers and baby related products
Muebles Para Ninos De Baja, S.A. De C.V. ("EFMX")	Mexico, 29 June 1987	–	100%	Mexican Peso ("MXN")1,720,000	Manufacture of baby related products
Goodbaby Canada Inc. ("EFCA")	Canada, 18 March 1991	–	100%	US$7,000	Distribution and sale of baby related products
Columbus Trading-Partners GmbH & Co. KG ("CTPE")	Germany, 26 February 2016	–	100%	Euro ("EUR") 100	Distribution and sale of car safety seats, infant strollers and other parenting products
Goodbaby Czech Republic s.r.o. ("GBCZ")	Czech Republic, 8 February 2016	–	100%	Czech Koruna ("CZK") 200,000	IT services and a share service centre
Goodbaby (Europe) GmbH & Co KG ("GEGC")	Germany, 28 January 2014	–	100%	EUR100	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at the reporting date are as follows: (Continued)

Name of company	Place and date of incorporation/ registration and place of operation	Percentage of equity interest attributable to the Company		Issued ordinary/registered share capital	Principal activities
		Direct	Indirect		
Subsidiaries					
Cybex GmbH ("CBGM")	Germany, 5 March 2014	–	100%	EUR33,400	Purchase, sale, holding and management of participating interests and development and production of child car-seats, strollers, child carrying systems, pushchairs, high chairs and other products for children
GB GmbH ("GBGM")	Germany, 21 August 2015	–	100%	EUR25,000	Purchase, sale, holding and management of participating interests and development and production of child car-seats, strollers, child carrying systems, pushchairs, high chairs and other products for children
Columbus Trading Partners USA Inc. ("CBUS")	U.S., 24 November 2014	–	100%	US$1	Distribution and sale of car safety seats, infant strollers and other parenting products
Columbus Trading Partners Japan Limited ("CBJP")	Japan, 20 February 2018	–	100%	Japanese Yen ("JPY") 2,200,000	Distribution and sale of car safety seats, infant strollers and other parenting products
Cybex Retail GmbH ("CBRG")	Germany, 20 October 2021	–	100%	EUR25,000	Wholesale and retail of children's products
CYBEX Retail Store Paris ("CBRF")	France, 29 May 2024	–	100%	EUR20,000	Wholesale and retail of children's products
Goodbaby (China) Retail & Service Company ("GRCN") (Note (a), (b) and (c))	PRC/Mainland China, 11 May 2016	–	100%	RMB50,000,000	Wholesale and retail of children's products
Shanghai Goodbaby Children Fashion Co., Ltd. ("SHFS") (Note (a) and (b))	PRC/Mainland China, 20 January 1998	–	100%	RMB22,000,000	Distribution and retail business of children's products
Goodbaby Nantong Fashion Co., Ltd. ("NTFS") (Note (a) and (b))	PRC/Mainland China, 19 March 2015	–	80%	RMB10,000,000	Wholesale and retail of children's products
Goodbaby E-commerce (Kunshan) Co., Ltd. ("GECL") (Note (a) and (b))	PRC/Mainland China, 12 April 2024	–	100%	RMB50,000,000	E-commerce of children's products

Note (a): Limited liability companies established in the PRC

Note (b): English names for identification only

Note (c): Registered as wholly-foreign-owned enterprises in the PRC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for call and put options over non-controlling interests, derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

2.1 BASIS OF PREPARATION (Continued)

BASIS OF CONSOLIDATION (Continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRS Accounting Standards for the first time for the current year's 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* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and the impact of the new and revised IFRS Accounting Standards are described below:

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

BUSINESS COMBINATIONS AND GOODWILL

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

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

BUSINESS COMBINATIONS AND GOODWILL (Continued)

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

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

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

FAIR VALUE MEASUREMENT

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

FAIR VALUE MEASUREMENT (Continued)

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

RELATED PARTIES

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of items of property, plant and equipment.

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

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

	Estimated useful lives	Estimated residual value
Freehold land	Not depreciated	–
Buildings	20 years	0 to 10%
Plant and machinery	5 to 15 years	0 to 10%
Motor vehicles	3 to 5 years	0 to 10%
Furniture and fixtures	3 to 15 years	–
Leasehold improvements	The lesser of lease terms and useful lives	–

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (Continued)

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

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

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks

Trademarks are capitalised and amortised using the straight-line method over their estimated useful lives of ten to thirty years except for certain trademarks amounting to HK$1,570,614,000 (2023: HK$1,631,132,000) acquired through the business combinations of Columbus Holding GmbH, WP Evenflo Group Holdings, Inc. and Oasis Dragon Limited whose useful lives are indefinite, as their legal rights are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely.

Computer software

Expenditure on computer software is capitalised and amortised using the straight-line method over its estimated useful life of five years to ten years.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Patents, non-compete agreement and customer relationship

Expenditure on acquired patents, a non-compete agreement and customer relationship is capitalised and amortised using the straight-line method over their estimated useful lives of five to twenty years.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

LEASES

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

Group as a lessee

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

LEASES (Continued)

Group as a lessee (Continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	10 to 50 years
Buildings	1 to 10 years
Plant and machinery	3 to 6 years
Motor vehicles	1 to 5 years
Furniture and fixtures	2 to 5 years

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

LEASES (Continued)

Group as a lessee (Continued)

(b) *Lease liabilities*

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

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

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

DERECOGNITION OF FINANCIAL ASSETS (Continued)

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

General approach

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and loans and borrowings, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables, derivative financial instruments and interest-bearing bank loans and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES (Continued)

Subsequent measurement (Continued)

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

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

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.

- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Initial recognition and subsequent measurement (Continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

INVENTORIES

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

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

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

PROVISIONS

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

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

The Group provides for warranties in relation to the sale of certain products for general repair of defected occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the policy for revenue recognition.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

INCOME TAX

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

INCOME TAX (Continued)

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

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

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

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

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

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

GOVERNMENT GRANTS

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

Revenue from contracts with customers

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

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

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

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of goods provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (Continued)

Revenue from contracts with customers (Continued)

(a) *Sale of goods* (Continued)

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) *Rendering of testing services*

Revenue from the rendering of testing services is recognised at the point in time when the service is rendered.

Other income

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

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

CONTRACT LIABILITIES

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

SHARE-BASED PAYMENTS (Continued)

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

OTHER EMPLOYEE BENEFITS

Retirement benefits

Pursuant to the relevant regulations, the Group's subsidiaries which operate in Mainland China participate in a local municipal government retirement benefit scheme, whereby the Group is required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme mentioned above. Contributions under the scheme are charged to the statement of profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

Pension scheme

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

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

The Group's U.S. operations and most other non-U.S. subsidiaries have separate defined contribution plans. The purpose of these defined contribution plans is generally to provide additional financial security during retirement by providing employees with an incentive to make regular savings. The Group's contributions to the plans are based on employee contributions or compensation.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

OTHER EMPLOYEE BENEFITS (Continued)

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Defined benefit plans

The costs of providing benefits under the defined benefit plans are determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the consolidated profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and

- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- net interest expense or income

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

BORROWING COSTS

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

EVENTS AFTER THE REPORTING PERIOD

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

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

FOREIGN CURRENCIES

These financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES (Continued)

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

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

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than the HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries and a joint venture are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and a joint venture which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

JUDGEMENTS

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

ESTIMATION UNCERTAINTY

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose suitable discount rates in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2024 was approximately HK$2,532,832,000 (2023: HK$2,608,675,000). Further details are given in note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2024 was HK$112,575,000 (2023: HK$147,555,000). The amount of unrecognised tax losses at 31 December 2024 was HK$51,190,000 (2023: HK$49,688,000). Details of unrecognised tax losses as at the end of the reporting period are contained in note 29.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the age and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the year based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the consolidated financial statements.

Provisions

Provisions for product warranties granted by the Group on its products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

The Group also makes provision for product liabilities which is based on estimated future costs to be incurred in claims. There are significant estimates included in the projection, which are the discount rate used and assessment on the possibility of outcome of the claims based on historical experience.

Defined benefit plans

The Group operates and maintains defined retirement benefit plans. The cost of providing the benefits in the defined retirement benefit plans is actuarially determined by utilising various actuarial assumptions and using the projected unit credit method. These assumptions include, without limitation, the selection of discount rates and healthcare trend rates.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

4. OPERATING SEGMENT INFORMATION

After years of development, to realign the Group's up to date core competence in different business sections, from 1 January 2024, the Group reclarified its product categories as below:

(a) Wheeled goods segment, which engages in the research, design, manufacture and sale of wheeled goods, and accessories, including strollers, jogging strollers and other child conveyances that move on wheels, and accessories under the Group's own brands and third parties' brands. Products in this segment require a same set of technology and manufacturing know-how and infrastructure;

(b) Car seats segment, which engages in the research, design, manufacture and sale of car safety seats and accessories for child under the Group's own brands and third parties' brands; and

(c) Other categories segment, which engages in the research, design, manufacture, outsource and sale of other children's products, including apparels, personal care and sanitary products, home textiles, toys, activities, kids ride-on products, home furniture for child and other similar products under the Group's own brands and third parties' brands.

In addition, from 1 January 2024, the Group redefined the geographical areas, namely Europe, Middle East, India and Africa ("EMEIA"), "Americas" and Asia Pacific ("APAC"), to reflect global market strategies. Comparative figures have been represented to conform with current period's presentation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment revenue.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2024

	Wheeled goods	Car seats	Other categories	Consolidated
	(HK$'000)			
Segment revenue				
Sales to external customers	**3,671,942**	**3,873,957**	**1,220,006**	**8,765,905**
Segment results	**1,962,189**	**2,051,555**	**494,156**	**4,507,900**
Other income and gains				34,432
Corporate and other unallocated expenses				(4,033,563)
Other expenses				(17,590)
Finance income				26,732
Finance costs (other than interest on lease liabilities)				(146,749)
Share of profits and losses of joint ventures				8,408
Share of profits and losses of an associate				–
Profit before tax				**379,570**
Other segment information:				
Impairment losses recognised/(reversal) in the statement of profit or loss, net	9,823	9,955	(3,584)	16,194
Depreciation and amortisation	186,486	186,511	89,433	462,430

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2023

	Wheeled goods	Car seats	Other categories	Consolidated
	(HK$'000)			
Segment revenue				
Sales to external customers	**3,207,218**	**3,316,707**	**1,403,401**	**7,927,326**
Segment results	**1,678,358**	**1,726,323**	**563,033**	**3,967,714**
Other income and gains				129,413
Corporate and other unallocated expenses				(3,740,049)
Other expenses				(539)
Finance income				48,199
Finance costs (other than interest on lease liabilities)				(203,726)
Share of profits and losses of joint ventures				(4,192)
Share of profits and losses of an associate				(390)
Profit before tax				**196,430**
Other segment information:				
Impairment losses recognised in the statement of profit or loss, net	18,841	18,889	10,949	48,679
Depreciation and amortisation	197,472	182,271	85,282	465,025

4. OPERATING SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	EMEIA market	Americas market	APAC market	Total
	(HK$'000)			
Year ended 31 December 2024				
Segment revenue:				
Sales to external customers	3,772,373	3,169,593	1,823,939	8,765,905
Year ended 31 December 2023				
Segment revenue:				
Sales to external customers	3,173,066	2,889,109	1,865,151	7,927,326

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

(b) Non-current assets

	2024	2023
	(HK$'000)	
APAC	3,593,925	3,794,361
Americas	1,147,712	1,091,133
EMEIA	892,329	933,687
Total non-current assets	5,633,966	5,819,181

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets, other non-current assets, investments in joint ventures and investment in an associate.

INFORMATION ABOUT A MAJOR CUSTOMER

During the year ended 31 December 2024, revenue from sales to a major third-party customer was HK$1,273,107,000 (2023: revenue from sales to two major third-party customers were HK$1,162,574,000 and HK$871,598,000, respectively). The revenue from sales to the customers was derived from sales by wheeled goods, car seats and other categories segments, including sales to a group of entities which are known to be under common control with the customers.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	(HK$'000)	
Revenue from contracts with customers		
Sale of goods	8,734,457	7,891,887
Rendering of testing services	31,448	35,439
Total	**8,765,905**	**7,927,326**

REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Wheeled Goods	Car seats	Other categories	Total
	(HK$'000)			
Type of goods or services				
Sale of goods	3,671,942	3,873,957	1,188,558	8,734,457
Rendering of testing services	–	–	31,448	31,448
Total	**3,671,942**	**3,873,957**	**1,220,006**	**8,765,905**
Timing of revenue recognition				
Goods transferred at a point in time	3,671,942	3,873,957	1,188,558	8,734,457
Services transferred at a point in time	–	–	31,448	31,448
Total	**3,671,942**	**3,873,957**	**1,220,006**	**8,765,905**
Revenue from contracts with customers				
External customers	**3,671,942**	**3,873,957**	**1,220,006**	**8,765,905**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2023

Segments	Wheeled Goods	Car seats	Other categories	Total
	(HK$'000)			
Type of goods or services				
Sale of goods	3,207,218	3,316,707	1,367,962	7,891,887
Rendering of testing services	–	–	35,439	35,439
Total	**3,207,218**	**3,316,707**	**1,403,401**	**7,927,326**
Timing of revenue recognition				
Goods transferred at a point in time	3,207,218	3,316,707	1,367,962	7,891,887
Services transferred at a point in time	–	–	35,439	35,439
Total	**3,207,218**	**3,316,707**	**1,403,401**	**7,927,326**
Revenue from contracts with customers				
External customers	**3,207,218**	**3,316,707**	**1,403,401**	**7,927,326**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

5. REVENUE, OTHER INCOME AND GAINS (Continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	(HK$'000)	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	138,626	122,868

(ii) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due with 90 days from delivery.

Rendering of testing services

The performance obligation is satisfied upon completion of service and short-term advances are normally required before rendering the services.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at 31 December 2024 are as follows:

	2024	2023
	(HK$'000)	
Amounts expected to be recognised as revenue:		
Within one year	148,126	138,626

All the remaining performance obligations are expected to be satisfied within one year.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

OTHER INCOME AND GAINS

	2024	2023
	(HK$'000)	
Other income and gains:		
Government grants (note (a))	17,740	11,324
Gain on sales of scrap materials (note (b))	8,973	9,365
Compensation income	3,325	3,144
Service fee income	1,732	5,297
Net gain on disposal of property, plant and equipment and right-of-use assets (note (c))	–	74,491
Net foreign exchange gain	–	18,128
Gain on wealth investment products	–	1,281
Gain on disposal of a subsidiary	–	678
Others	2,662	5,705
Total	**34,432**	**129,413**

Note (a): The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for export activities, subsidies for development and other miscellaneous subsidies and incentives for various purposes.

Note (b): The amount represents the gain on sales of aluminium, plastics, cloth and other scrap materials.

Note (c): Included in the net gain on disposal of items of property, plant and equipment and right-of-use assets, was an amount of Nil (2023: HK$77,930,000) arising from compensation income from local municipal authority in relation with the demolition and reallocation of certain Group's factory plant in Kunshan.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

6. FINANCE INCOME

	2024	2023
	(HK$'000)	
Interest income on bank deposits	**26,732**	**48,199**

7. FINANCE COSTS

	2024	2023
	(HK$'000)	
Interest on bank loans, overdrafts and other loans	146,749	203,726
Interest on lease liabilities	8,742	11,826
Total	**155,491**	**215,552**

8. PROFIT BEFORE TAX

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

	Notes	2024	2023
		(HK$'000)	
Cost of inventories sold*		4,241,202	3,940,935
Cost of services provided		16,803	18,677
Depreciation of property, plant and equipment	14	271,760	278,944
Depreciation of right-of-use assets	15(a)	108,634	117,010
Amortisation of intangible assets	17	82,036	69,071
Research and development costs**		430,483	381,323
Lease payments not included in the measurement of lease liabilities	15(c)	9,856	18,113
Auditors' remuneration		9,479	9,595
Employee benefit expense (including directors' remuneration):			
Wages, salaries and other benefits		1,814,887	1,631,438
Share option expense		5,572	1,827
Pension scheme costs (defined benefit plans) (including administrative expense)		161	154
Pension scheme contributions***		97,538	80,962
		1,918,158	1,714,381
Foreign exchange loss/(gain)		2,382	(18,128)
(Reversal)/increase of impairment of trade receivables	20	(1,289)	17,069
Provision of inventories		17,483	31,610
Product warranties and liabilities		14,137	14,006
Gain on wealth investment products		–	(1,281)
Loss/(gain) on disposal of property, plant and equipment and right-of-use assets		8,209	(74,491)
Loss on disposal of intangible assets		447	665
Bank interest income		(26,732)	(48,199)

* Cost of inventories sold include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff remuneration, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** Research and development costs include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

9. DIRECTORS' REMUNERATION

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

	2024	2023
	(HK$'000)	
Fees	3,512	3,158
Other emoluments:		
Salaries, allowances and benefits in kind	22,526	26,323
Performance-related bonuses	13,625	15,295
Equity-settled share option expenses	1,964	1,004
Pension scheme contributions	291	414
Subtotal	38,406	43,036
Total fees and other emoluments	41,918	46,194

(A) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	2024	2023
	(HK$'000)	
Chiang Yun	702	470
Shi Xiaoguang	312	313
Jin Peng	234	235
So Tak Young	312	313
Total	1,560	1,331

There were no other emoluments payable to the independent non-executive directors in 2024 (2023: Nil).

9. DIRECTORS' REMUNERATION (Continued)

(B) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

2024

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Equity-settled share option expenses	Pension scheme contributions	Total remuneration
	(HK$'000)					
Executive directors:						
Song Zhenghuan	–	3,248	–	94	–	3,342
Martin Pos	–	12,151	11,331	941	–	24,423
Liu Tongyou*	–	5,163	2,294	726	157	8,340
Michael, Qu Nan**	–	1,352	–	128	108	1,588
Xia Xinyue***	–	612	–	–	26	638
Subtotal	**–**	**22,526**	**13,625**	**1,889**	**291**	**38,331**
Non-executive directors:						
Eric, Ho Kwok Yin	390	–	–	–	–	390
Fu Jingqiu	1,562	–	–	75	–	1,637
Subtotal	**1,952**	**–**	**–**	**75**	**–**	**2,027**
Total	**1,952**	**22,526**	**13,625**	**1,964**	**291**	**40,358**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

9. DIRECTORS' REMUNERATION (Continued)

(B) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS (Continued)

2023

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Equity-settled share option expenses	Pension scheme contributions	Total remuneration
	(HK$'000)					
Executive directors:						
Song Zhenghuan	–	3,312	–	–	–	3,312
Michael, Qu Nan	–	3,255	2,257	420	98	6,030
Martin Pos	–	12,225	10,493	–	–	22,718
Liu Tongyou*	–	3,790	2,545	529	158	7,022
Xia Xinyue	–	3,741	–	–	158	3,899
Subtotal	**–**	**26,323**	**15,295**	**949**	**414**	**42,981**
Non-executive directors:						
Eric, Ho Kwok Yin	235	–	–	–	–	235
Fu Jingqiu	1,592	–	–	55	–	1,647
Subtotal	**1,827**	**–**	**–**	**55**	**–**	**1,882**
Total	**1,827**	**26,323**	**15,295**	**1,004**	**414**	**44,863**

* Liu Tongyou is also the chief executive of the board.

** Michael, Qu Nan resigned as an executive director with effect in 2024.

*** Xia Xinyue resigned as an executive director with effect in 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: three), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three (2023: two) non-director, highest paid employees for the year are as follows:

	2024	2023
	(HK$'000)	
Salaries, allowances and benefits in kind	11,422	7,998
Performance related bonuses	7,899	5,846
Equity-settled share option expense	899	–
Pension scheme contributions	534	215
Total	**20,754**	**14,059**

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$4,000,001 to HK$4,500,000	–	–
Over HK$4,500,001	3	2
Total	**3**	**2**

During the year and in prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

No amounts were paid by the Group to the directors or highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2023: None).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

11. INCOME TAX

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands ("BVI"), respectively, are exempted from taxation.

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

State income tax and federal income tax of the Group's subsidiary in the United States have been provided for at the rates of state income tax and federal income tax on the estimated assessable profits of the subsidiary during the year. The state income tax rates are 2.5% to 9.5% in the respective states in which the subsidiary operates, and the federal income tax rate was lowered to 21% effective from 1 January 2018, as a result of U.S. tax reform enacted in December 2017.

The Group's subsidiary registered in Japan is subject to income tax based on the taxable income at rates ranging from 15% to 23.2% on a progressive basis.

The Group's subsidiaries registered in Germany are subject to corporation tax based on the taxable income at the rate of 15.825% and trade income tax on the taxable income at rates ranging from 13.65% to 17.15%.

The Group's subsidiary registered in the Czech Republic is subject to income tax based on the taxable income at the rate of 21%.

The Group's subsidiary registered in Canada is subject to Federal income tax based on the taxable income at the rate of 15% and provincial income tax at the rate of 11.5% in Ontario for a total of 26.5%.

The Group's subsidiary registered in the United Arab Emirates is subject to income tax at the rate of 9% for taxable income above AED375,000.

All of the Group's subsidiaries registered in the People's Republic of China (the "PRC"), which only have operations in Mainland China, are subject to PRC enterprise income tax ("EIT") on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws, at the rate of 25%.

Pursuant to relevant tax rules under the EIT Law and with the approval from the relevant tax authorities in the PRC, two of the Group's subsidiaries, Goodbaby Child Products Co., Ltd. ("GCPC") and EQO Testing and Certification Services Co., Ltd. ("EQTC"), are qualified as "High and New Technology Enterprises" and are entitled to a preferential tax rate of 15% from 2023 to 2025.

11. INCOME TAX (Continued)

The major components of income tax of the Group are as follows:

	2024	2023
	(HK$'000)	
Current income tax	123,465	73,218
Deferred income tax (note 29)	(100,111)	(85,249)
Income tax expense/(credit) reported in the statement of profit or loss	**23,354**	**(12,031)**

A reconciliation of the tax expense/(credit) applicable to profit before tax using the applicable rate for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the tax charge at the effective tax rate is as follows:

	2024	2023
	(HK$'000)	
Profit before tax	**379,570**	**196,430**
Tax calculated at the applicable income tax rate	53,187	21,906
Temporary difference and tax losses utilised from prior years	(1,861)	(3,691)
Temporary difference and tax losses not recognised	1,006	1,286
Tax credit arising from additional deduction of R&D expenditures of PRC subsidiaries	(25,083)	(36,746)
Tax effect on non-taxable income	(12,203)	(4,899)
Tax effect on non-deductible expenses	8,308	10,113
Income tax expense/(credit)	**23,354**	**(12,031)**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

11. INCOME TAX (Continued)

PILLAR TWO INCOME TAXES

The Group is within the scope of the Pillar Two model rules. Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. Pillar Two legislation for the subsidiaries of the Group, which are incorporated in certain jurisdictions, was enacted and came into effect from 1 January 2024. Given the complexities involved in calculating GloBE Income, the Group has conducted the Pillar Two assessment for all such entities in the Group using FY2024 financial information. Based on the assessment, all such subsidiaries within the Group have a jurisdictional effective tax rate in excess of 15% for 2024 and/or qualify for either 1) the Qualified Country-by-Country reporting based simplified effective tax rate safe harbour, 2) De Minimis-based Pillar Two safe harbour or 3) the Substance Based Income Exclusion/Routine Profits Test safe harbour. All the safe harbours apply on a jurisdictional basis.

Based on the above, there is no Pillar Two income tax expense arising for the year ended 31 December 2024 in any jurisdiction where the Group operates. Accordingly, the Group has not recognised any Pillar Two related income tax expense in the current period. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

12. DIVIDENDS

The Board recommended the payment of a dividend of HK$0.07 per share for the year ended 31 December 2024 (2023: nil).

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,668,031,166 outstanding during the year (2023: 1,668,031,166).

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of earnings per share is based on:

	2024	2023
	(HK$'000)	
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**355,846**	**203,496**

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,668,031,166	1,668,031,166
Effect of dilution – weighted average number of ordinary shares:		
Share options	14,467,822	–
Total	**1,682,498,988***	**1,668,031,166**

* The diluted earnings per share amounts are based on the profit attributable to ordinary equity holders of the parent of HK$355,846,000, and the weighted average number of ordinary shares of 1,682,498,988 in issue outstanding during the year.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

14. PROPERTY, PLANT AND EQUIPMENT

31 DECEMBER 2024

	Buildings and land	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
				(HK$'000)			
At 31 December 2023 and at 1 January 2024:							
Cost	551,876	1,383,283	21,895	400,288	426,222	120,896	2,904,460
Accumulated depreciation and impairment	(408,264)	(990,301)	(18,949)	(306,901)	(291,110)	–	(2,015,525)
Net carrying amount	**143,612**	**392,982**	**2,946**	**93,387**	**135,112**	**120,896**	**888,935**
At 1 January 2024, net of accumulated depreciation	143,612	392,982	2,946	93,387	135,112	120,896	888,935
Additions	13,452	53,165	5	37,116	31,051	113,188	247,977
Acquisition of a subsidiary	–	626	–	–	–	123	749
Disposals	(7)	(6,412)	(190)	(597)	(4,820)	–	(12,026)
Depreciation provided during the year	(25,978)	(126,689)	(661)	(47,349)	(71,083)	–	(271,760)
Transfers	9,525	137,873	1,011	16,413	–	(164,822)	–
Exchange realignment	(5,328)	(13,919)	(94)	(7,782)	(4,656)	(2,917)	(34,696)
At 31 December 2024, net of accumulated depreciation and impairment	**135,276**	**437,626**	**3,017**	**91,188**	**85,604**	**66,468**	**819,179**
At 31 December 2024:							
Cost	555,294	1,458,356	19,733	428,568	311,245	66,468	2,839,664
Accumulated depreciation and impairment	(420,018)	(1,020,730)	(16,716)	(337,380)	(225,641)	–	(2,020,485)
Net carrying amount	**135,276**	**437,626**	**3,017**	**91,188**	**85,604**	**66,468**	**819,179**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 DECEMBER 2023

	Buildings and land	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
	(HK$'000)						
At 31 December 2022 and at 1 January 2023:							
Cost	596,979	1,333,220	22,682	382,844	426,842	67,040	2,829,607
Accumulated depreciation and impairment	(422,443)	(913,636)	(19,469)	(267,844)	(220,116)	–	(1,843,508)
Net carrying amount	**174,536**	**419,584**	**3,213**	**115,000**	**206,726**	**67,040**	**986,099**
At 1 January 2023, net of accumulated depreciation	174,536	419,584	3,213	115,000	206,726	67,040	986,099
Additions	1,776	33,245	906	20,869	59,629	135,024	251,449
Disposals	(5,738)	(9,359)	(103)	(1,904)	(56,099)	–	(73,203)
Depreciation provided during the year	(35,001)	(114,001)	(1,726)	(51,174)	(77,042)	–	(278,944)
Transfers	7,275	62,468	717	9,289	1,827	(81,576)	–
Exchange realignment	764	1,045	(61)	1,307	71	408	3,534
At 31 December 2023, net of accumulated depreciation and impairment	**143,612**	**392,982**	**2,946**	**93,387**	**135,112**	**120,896**	**888,935**
At 31 December 2023:							
Cost	551,876	1,383,283	21,895	400,288	426,222	120,896	2,904,460
Accumulated depreciation and impairment	(408,264)	(990,301)	(18,949)	(306,901)	(291,110)	–	(2,015,525)
Net carrying amount	**143,612**	**392,982**	**2,946**	**93,387**	**135,112**	**120,896**	**888,935**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

15. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 10 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 3 and 6 years. Buildings generally have lease term between 1 and 10 years. Furniture and fixtures generally have lease terms between 2 and 5 years, while motor vehicles generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land	Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Total
	(HK$'000)					
As at 1 January 2023	41,762	269,223	1,534	16,160	1,873	330,552
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,217)	–	–	–	(1,217)
Additions	–	53,480	3,548	11,418	–	68,446
Disposals	(2,687)	–	–	–	–	(2,687)
Depreciation charge	(1,210)	(102,114)	(1,627)	(11,435)	(624)	(117,010)
Exchange realignment	(1,353)	(761)	(1)	527	50	(1,538)
As at 31 December 2023 and 1 January 2024	36,512	218,611	3,454	16,670	1,299	276,546
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	4,314	(1)	(472)	5	3,846
Additions	–	98,375	6,422	18,683	–	123,480
Depreciation charge	(1,477)	(93,034)	(978)	(12,525)	(620)	(108,634)
Exchange realignment	(2,940)	(9,398)	(47)	(1,308)	(59)	(13,752)
As at 31 December 2024	**32,095**	**218,868**	**8,850**	**21,048**	**625**	**281,486**

15. LEASES (Continued)

THE GROUP AS A LESSEE (Continued)

(b) Lease liabilities

	2024	2023
	(HK$'000)	
Carrying amount at 1 January	255,645	300,172
New leases	123,480	68,446
Revision of a lease term arising from a change in the non-cancellable period of a lease	3,488	(1,514)
Interest expense	8,742	11,826
Payments	(119,565)	(123,243)
Exchange realignment	(11,341)	(42)
Carrying amount at 31 December	**260,449**	**255,645**
Analysed into:		
Current portion	95,981	107,127
Non-current portion	164,468	148,518

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

	2024	2023
	(HK$'000)	
Interest on lease liabilities	8,742	11,826
Depreciation charge of right-of-use assets	108,634	117,010
Expense relating to short-term leases	7,103	16,365
Expense relating to leases of low-value assets	9	256
Variable lease payments not included in the measurement of lease liabilities	2,744	1,492
Total amount recognised in profit or loss	**127,232**	**146,949**

(d) The total cash outflow for leases is disclosed in note 35(c) to the financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

16. GOODWILL

	(HK$'000)
Cost and net carrying amount at 1 January 2023	2,631,379
Exchange realignment	(22,704)
Cost and net carrying amount at 31 December 2023 and 1 January 2024	2,608,675
Exchange realignment	(75,843)
Cost and net carrying amount at 31 December 2024	**2,532,832**

IMPAIRMENT TESTING OF CASH-GENERATING UNITS ("CGU")

Goodwill is allocated to the following CGU for impairment testing:

	2024	2023
	(HK$'000)	
Manufacture and export of stroller-related products unit	13,305	13,761
Evenflo unit	611,778	615,670
Columbus unit	180,371	192,504
NICAM unit	4,870	5,198
Oasis Dragon unit	1,722,508	1,781,542
Total	**2,532,832**	**2,608,675**

Trademarks with indefinite useful lives are allocated to the following CGU for impairment testing:

	2024	2023
	(HK$'000)	
Evenflo unit	137,150	138,022
Columbus unit	318,645	340,080
Oasis Dragon unit	1,114,819	1,153,030
Total	**1,570,614**	**1,631,132**

16. GOODWILL (Continued)

IMPAIRMENT TESTING OF CASH-GENERATING UNITS ("CGU") (Continued)

Manufacture and export of stroller-related products unit

The recoverable amount of the manufacture and export of stroller-related products unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of manufacture and export of stroller-related products unit beyond the five-year period is 2.0% (2023: 2.2%). The pre-tax discount rate applied to the cash flow projections as at 31 December 2024 was 16.4% (2023: 16.5%).

Evenflo unit

The recoverable amount of the Evenflo unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the Evenflo unit beyond the five-year period is 2.0% (2023: 2.0%). The pre-tax discount rate applied to the cash flow projections as at 31 December 2024 was 12.4% (2023: 12.0%).

Columbus unit

The recoverable amount of the Columbus unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of Columbus unit beyond the five-year period is 2.0% (2023: 2.0%). The pre-tax discount rate applied to the cash flow projections as at 31 December 2024 was 18.1% (2023: 17.7%).

NICAM unit

The recoverable amount of the NICAM unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of NICAM unit beyond the five-year period is 2.0% (2023: 2.0%). The pre-tax discount rate applied to the cash flow projections as at 31 December 2024 was 16.7% (2023: 18.0%).

Oasis Dragon unit

The recoverable amount of the Oasis Dragon unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of Oasis Dragon unit beyond the five-year period is 2.0% (2023: 2.2%). The pre-tax discount rate applied to the cash flow projections as at 31 December 2024 was 14.8% (2023: 14.7%).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

16. GOODWILL (Continued)

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATION

Assumptions were used in the value in use calculation of the above cash-generating units for each reporting date. The following describes each key assumption on which senior management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins	–	The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year. These are increased over the budget period for anticipated efficiency improvements and market expansion.
Discount rate	–	The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources. The management believe that any reasonably adverse changes in any of the key assumptions would not cause the carrying amounts of the above cash-generating units to exceed their recoverable amounts.

17. OTHER INTANGIBLE ASSETS

31 DECEMBER 2024

	Trademarks	Computer software	Non-compete agreement	Customer relationship	Patents	Total
			(HK$'000)			
At 31 December 2023 and at 1 January 2024:						
Cost	1,677,627	208,165	7,066	539,847	83,977	2,516,682
Accumulated amortisation	(34,465)	(125,601)	(7,066)	(251,578)	(52,947)	(471,657)
Net carrying amount	**1,643,162**	**82,564**	**–**	**288,269**	**31,030**	**2,045,025**
At 1 January 2024, net of accumulated amortisation	1,643,162	82,564	–	288,269	31,030	2,045,025
Additions	–	97,628	–	–	448	98,076
Acquisition of a subsidiary	–	–	–	–	15,300	15,300
Disposals	–	(447)	–	–	–	(447)
Amortisation provided during the year	(1,814)	(36,347)	–	(37,424)	(6,451)	(82,036)
Exchange realignment	(60,708)	(1,001)	–	(12,225)	(1,515)	(75,449)
At 31 December 2024, net of accumulated depreciation	**1,580,640**	**142,397**	**–**	**238,620**	**38,812**	**2,000,469**
At 31 December 2024:						
Cost	1,615,340	293,379	–	521,266	95,616	2,525,601
Accumulated amortisation	(34,700)	(150,982)	–	(282,646)	(56,804)	(525,132)
Net carrying amount	**1,580,640**	**142,397**	**–**	**238,620**	**38,812**	**2,000,469**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

17. OTHER INTANGIBLE ASSETS (Continued)

31 DECEMBER 2023

	Trademarks	Computer software	Non-compete agreement	Customer relationship	Patents	Total
	(HK$'000)					
At 31 December 2022 and at 1 January 2023:						
Cost	1,684,976	167,168	6,848	546,304	81,097	2,486,393
Accumulated amortisation	(33,827)	(98,077)	(6,848)	(214,856)	(46,214)	(399,822)
Net carrying amount	**1,651,149**	**69,091**	**–**	**331,448**	**34,883**	**2,086,571**
At 1 January 2023, net of accumulated amortisation	1,651,149	69,091	–	331,448	34,883	2,086,571
Additions	–	39,746	–	–	1,676	41,422
Disposals	(81)	(584)	–	(2,995)	–	(3,660)
Amortisation provided during the year	(2,147)	(24,892)	–	(37,371)	(4,661)	(69,071)
Exchange realignment	(5,759)	(797)	–	(2,813)	(868)	(10,237)
At 31 December 2023, net of accumulated depreciation	**1,643,162**	**82,564**	**–**	**288,269**	**31,030**	**2,045,025**
At 31 December 2023:						
Cost	1,677,627	208,165	7,066	539,847	83,977	2,516,682
Accumulated amortisation	(34,465)	(125,601)	(7,066)	(251,578)	(52,947)	(471,657)
Net carrying amount	**1,643,162**	**82,564**	**–**	**288,269**	**31,030**	**2,045,025**

18. OTHER LONG-TERM ASSETS

Other long-term assets represent a deposit for insurance over one year of HK$4,015,000 (2023: HK$4,179,000).

19. INVENTORIES

	2024	2023
	(HK$'000)	
Raw materials	221,952	221,990
Work in progress	19,437	21,057
Finished goods	1,471,048	1,219,734
Total	**1,712,437**	**1,462,781**

20. TRADE RECEIVABLES

	2024	2023
	(HK$'000)	
Trade receivables	1,115,910	1,232,046
Impairment of trade receivables	(31,458)	(56,234)
Net carrying amount	**1,084,452**	**1,175,812**

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is up to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group, based on the invoice date net of provision, is as follows:

	2024	2023
	(HK$'000)	
Within 3 months	1,051,390	1,135,850
3 to 6 months	23,987	20,628
6 months to 1 year	6,225	8,801
Over 1 year	2,850	10,533
Total	**1,084,452**	**1,175,812**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

20. TRADE RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	(HK$'000)	
At beginning of year	56,234	42,709
(Reversal)/increase of impairment losses	(1,289)	17,069
Amount written off as uncollectible	(22,399)	(3,742)
Exchange realignment	(1,088)	198
At end of year	**31,458**	**56,234**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

AS AT 31 DECEMBER 2024

	Within 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.29%	6.16%	12.53%	90.11%	2.82%
Gross carrying amount (HK$'000)	1,054,409	25,561	7,117	28,823	1,115,910
Expected credit losses (HK$'000)	**3,019**	**1,574**	**892**	**25,973**	**31,458**

20. TRADE RECEIVABLES (Continued)

AS AT 31 DECEMBER 2023

	Within 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.42%	4.72%	9.46%	82.44%	4.56%
Gross carrying amount (HK$'000)	1,140,694	21,649	9,721	59,982	1,232,046
Expected credit losses (HK$'000)	**4,844**	**1,021**	**920**	**49,449**	**56,234**

21. PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	(HK$'000)	
Prepayments	63,354	57,814
Other receivables	398,437	399,475
Value added tax ("VAT") recoverable	210,244	124,942
Income tax receivable	19,149	15,368
Total	**691,184**	**597,599**

The above balances are unsecured, interest-free and have no fixed terms of repayment.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	(HK$'000)	
Wealth investment products	–	**55,011**

The above wealth investment products were placed with a licensed financial institution in Mainland China and can be redeemed at any time. The carrying values of these investments approximated their fair values.

23. CASH AND CASH EQUIVALENTS

	Notes	2024	2023
		(HK$'000)	
Cash and bank balances	(i)	1,126,042	1,023,146
Time deposits	(ii)	–	1,120,779
		1,126,042	**2,143,925**
Less: Pledged deposits for:			
Certain standby letter of credit and guarantee		(24,470)	(575,469)
Accrued interest of pledged deposits and time deposits	(ii)	–	(68,988)
Non-pledged time deposits with original maturity of more than three months when acquired		–	(517,103)
Other restricted bank balances		(2,214)	(466)
Cash and cash equivalents		**1,099,358**	**981,899**

Note (i): Cash at banks earns interest at floating rates based on daily bank deposit rates, including which short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note (ii): The time deposits held by the Group bear interest at 2.70% to 3.91% per annum with a duration of 36 months. These deposits are measured at amortised cost and interest income from these time deposits is measured using the effective interest rate method.

23. CASH AND CASH EQUIVALENTS (Continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$492,296,000 (2023: HK$549,655,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2024	
	Assets	Liabilities
	(HK$'000)	
Forward currency contracts	20,430	10,711
Foreign currency swaps	–	1,352
Total	**20,430**	**12,063**

	2023	
	Assets	Liabilities
	(HK$'000)	
Forward currency contracts	**9,903**	**42,013**

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24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

CASH FLOW HEDGE – FOREIGN CURRENCY RISK

Forward currency contracts are designated as hedging instruments in respect of forecasted routine intragroup sales in foreign currencies. The forward currency contract balances vary with the levels of expected foreign currency sales and changes in foreign exchange forward rates.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted sales and purchases and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following foreign exchange forward contracts:

	Maturity					
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	Total
As at 31 December 2024						
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	110,831	236,377	79,545	–	–	426,753
Average forward rate (EUR/RMB)	7.7179	7.5328	7.5156	–	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	2,107	–	–	–	–	2,107
Average forward rate (EUR/CHF)	0.9402	–	–	–	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	7,567	7,958	6,030	4,106	1,045	26,706
Average forward rate (CZK/EUR)	0.0397	0.0395	0.0395	0.0394	0.0392	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	46,149	63,037	55,835	50,751	52,604	268,376
Average forward rate (JPY/EUR)	0.0065	0.0063	0.0063	0.0063	0.0064	

24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

CASH FLOW HEDGE – FOREIGN CURRENCY RISK (Continued)

The Group holds the following foreign exchange forward contracts: (Continued)

	Maturity					
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	Total
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	46,584	46,584	40,761	40,761	–	174,690
Average forward rate (EUR/USD)	1.1079	1.1051	1.1132	1.1166	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	11,599	–	–	–	–	11,599
Average forward rate (EUR/GBP)	0.8747	–	–	–	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	34,481	35,240	25,240	15,189	5,088	115,238
Average forward rate (GBP/EUR)	1.1497	1.1532	1.1564	1.1597	1.1654	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	6,310	6,362	6,498	6,613	2,225	28,008
Average forward rate (CHF/EUR)	1.0420	1.0409	1.0633	1.0819	1.0921	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	1,606	–	–	–	–	1,606
Average forward rate (EUR/CZK)	25.1834	–	–	–	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK$'000)	45,862	49,808	35,458	21,148	6,993	159,269
Average forward rate (PLN/EUR)	0.2257	0.2257	0.2249	0.2236	0.2218	
Foreign currency swap contract (secured EUR bank loan)						
Notional amounts (HK$'000)	93,796	–	–	–	–	93,796
Hedged rate (EUR/RMB)	7.8225	–	–	–	–	

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YEAR ENDED 31 DECEMBER 2024

24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The impacts of the hedging instruments on the statement of financial position are as follows:

	Notional amounts	Carrying amounts	Line item in the statement of financial position
	(HK$'000)		
As at 31 December 2024			
Foreign currency forward contracts	476,494	20,430	Derivative financial instruments (assets)
Foreign currency forward contracts	737,858	(10,711)	Derivative financial instruments (liabilities)
Foreign currency Swap contracts	93,796	(1,352)	Derivative financial instruments (liabilities)

The impacts of the hedged items on the statement of financial position are as follows:

	Change in fair value used for measuring hedge ineffectiveness for the year	Hedging reserve
	(HK$'000)	
As at 31 December 2024		
Highly probable forecast sales	–	7,104
Secured bank loans in Euro	–	767
Total	**–**	**7,871**

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

	Total hedging gains/(losses) recognised in other comprehensive income			Hedge ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amounts reclassified from other comprehensive income to profit or loss			Line item (gross amount) in the statement of profit or loss
	Gross amounts	Tax effects	Total			Gross amounts	Tax effects	Total	
	(HK$'000)					(HK$'000)			
As at 31 December 2024									
Highly probable forecast sales	38,115	(5,525)	32,590	–	Other income and gains	(11,038)	1,656	(9,382)	Revenue
Secured bank loans in Euro	(1,591)	239	(1,352)	–	Other income and gains	2,493	(374)	2,119	Finance cost

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	(HK$'000)	
Within 3 months	1,156,016	1,021,642
3 to 12 months	291,761	273,753
1 to 2 years	3,658	3,455
2 to 3 years	1,568	3,401
Over 3 years	4,625	2,135
Total	**1,457,628**	**1,304,386**

The trade and bills payables are non-interest-bearing and normally settled on terms of 60 to 90 days. The carrying amounts of the trade and bills payables approximate to their fair values due to their short term maturity.

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26. OTHER PAYABLES AND ACCRUALS

		2024	2023
		(HK$'000)	
Other payables	(a)	236,600	209,840
Contract liabilities	(b)	148,126	138,626
Accruals		652,801	571,575
Total		**1,037,527**	**920,041**

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	2024	2023
	(HK$'000)	
Short-term advances from customers		
Sale of goods	148,035	138,550
Rendering of testing services	91	76
Total	**148,126**	**138,626**

Contract liabilities include short-term advances received to deliver goods and render testing services. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances from customers in relation to the sale of goods.

27. PROVISION

	Product warranties and liabilities
	(HK$'000)
Balance at 1 January 2023	101,462
Additional provision	14,006
Amounts utilised	(43,081)
Exchange realignment	1,614
Balance at 31 December 2023 and 1 January 2024	74,001
Additional provision	14,137
Amounts utilised	(16,176)
Exchange realignment	(3,987)
Balance at 31 December 2024	**67,975**
Portion classified as current liabilities	46,637
Non-current portion	21,338

The Group provides warranties to its customers on certain of its products, under which faulty products are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate. As at 31 December 2024, the amount of product warranties was HK$41,866,000.

In addition, the Group estimates future cash outflows in relation to the indemnity provided to its customers for damages or injuries caused in connection with the use of the Group's sold products. The amount of cash outflows is estimated based upon an annual review by the management of the Group with patterns of past experience of how the Group discharged its obligation. As at 31 December 2024, the amount of product liabilities was HK$26,109,000.

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YEAR ENDED 31 DECEMBER 2024

28. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

		As at 31 December 2024		As at 31 December 2023	
		Maturity	(HK$'000)	Maturity	(HK$'000)
Current					
Bank overdrafts – secured	Note (a) and note (b)	On demand	225,659	On demand	185,684
Bank overdrafts – unsecured	Note (a)	On demand	6,611	On demand	2,971
Current portion of long-term bank loans – secured	Note (b)	2025	56,325	2024	1,666,510
Current portion of long-term bank loans – unsecured			–	2024	495,099
Bank borrowings – secured	Note (b)		–	2024	165,173
Bank borrowings – unsecured		2025	187,291	2024	190,392
Total – current			**475,886**		**2,705,829**
Non-current					
Bank borrowings – secured	Note (b)	2026-2027	979,171		–
Bank borrowings – unsecured			–	2025	88,018
Total – non-current			**979,171**		**88,018**
Total			**1,455,057**		**2,793,847**

The carrying amounts of borrowings are denominated in the following currencies:

	2024	2023
	(HK$'000)	
RMB	85,101	775,655
US$	1,036,057	1,821,231
EUR	326,441	188,655
JPY	7,458	8,306
Total	**1,455,057**	**2,793,847**

28. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (Continued)

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2024	2023
	(HK$'000)	
Fixed interest rate	178,896	550,110
Variable interest rate	1,276,161	2,243,737
Total	**1,455,057**	**2,793,847**

At the end of respective reporting periods, bank borrowings and overdrafts were repayable as follows:

	2024	2023
	(HK$'000)	
Within one year	475,886	2,705,829
In the second year	160,649	88,018
In the third year	818,522	–
Total	**1,455,057**	**2,793,847**

Note (a): The bank overdraft facilities amounted to HK$313,161,000 of which HK$232,270,000 had been utilised as at the end of the reporting period. The bank overdraft facilities are revolving facilities with no termination date.

Note (b): As at 31 December 2024, certain of the Group's bank loans are secured by:

(i) standby letters of credit and letters of guarantee from certain banks issued by a subsidiary of the Group; and

(ii) the guarantee from the Company.

As at 31 December 2023, certain of the Group's bank loans are secured by:

(i) standby letters of credit and letters of guarantee from certain banks issued by a subsidiary of the Group; and

(ii) the guarantee from the Company.

Note (c): The effective interest rates of the bank loans and other borrowings range from 1.20% to 7.56% (2023: 1.05% to 7.61%).

Note (d): The secured syndicated loan with carrying amount of USD$135,000,000 with maturity date in 2027 is subject to certain financial covenants, which are measured with reference to the financial performance of the Group and its one subsidiary. The Group are required to conduct tests for these covenants assessment twice a year, at the end of each interim and annual period.

The Group regularly monitors its compliance with these covenants and as at 31 December 2023 and 2024, the Group have complied with all financial covenants' tests.

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29. DEFERRED TAX

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

DEFERRED TAX ASSETS:

	Write-down of inventories	Leases	Accruals	Losses available for offsetting against future taxable profits	Unrealised profit	Others	Total
				(HK$'000)			
As at 1 January 2023	9,507	65,577	29,553	78,971	91,779	52,881	328,268
(Charged)/credited to profit or loss (note 11)	(2,336)	(11,183)	3,156	67,177	(7,078)	6,323	56,059
Credited to other comprehensive income	–	–	–	–	–	989	989
Exchange realignment	(260)	370	374	1,407	1,188	(3,414)	(335)
As at 31 December 2023 and 1 January 2024	6,911	54,764	33,083	147,555	85,889	56,779	384,981
Addition from acquisition	–	–	–	3,800	–	–	3,800
(Charged)/credited to profit or loss (note 11)	1,677	(5,076)	8,498	(17,350)	62,572	28,024	78,345
Credited to other comprehensive income	–	–	–	–	–	49	49
Exchange realignment	123	(2,412)	(227)	(8,962)	(2,089)	1,645	(11,922)
As at 31 December 2024	**8,711**	**47,276**	**41,354**	**125,043**	**146,372**	**86,497**	**455,253**

29. DEFERRED TAX (Continued)

DEFERRED TAX LIABILITIES:

	Withholding tax on undistributed profits	Depreciation	Leases	Other intangible assets	Others	Total
	(HK$'000)					
At 1 January 2023	19,928	36,395	63,206	499,993	5,850	625,372
Charged/(credited) to profit or loss (note 11)	–	(13,037)	(10,863)	(11,244)	5,954	(29,190)
Charged to other comprehensive income	–	–	–	–	274	274
Exchange realignment	1,106	(207)	(236)	(1,839)	(277)	(1,453)
At 31 December 2023 and 1 January 2024	21,034	23,151	52,107	486,910	11,801	595,003
Charged/(credited) to profit or loss (note 11)	(685)	(6,160)	(5,794)	(12,675)	3,548	(21,766)
Charged to other comprehensive income	–	–	–	–	1,778	1,778
Deferred tax utilised during the year	(14,830)	–	–	–	–	(14,830)
Addition from acquisition	–	–	–	3,750	–	3,750
Exchange realignment	(16)	(623)	(1,534)	(17,701)	(239)	(20,113)
At 31 December 2024	**5,503**	**16,368**	**44,779**	**460,284**	**16,888**	**543,822**

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings generated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable tax rate of the Group is 10%.

Pursuant to the Board resolutions of GCPC and its subsidiaries, all of which are directly or indirectly controlled by GBHK, profits earned by the aforesaid subsidiaries in 2024 will not be appropriated to GBHK as at 31 December 2024 and in the foreseeable future. Hence, the deferred tax liability arising from the withholding tax on profits generated by the aforesaid companies in the current year is not applicable as of 31 December 2024.

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YEAR ENDED 31 DECEMBER 2024

29. DEFERRED TAX (Continued)

At 31 December 2024, other than the amount recognised in the consolidated financial statements, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such remaining earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was HK$3,102,098,000 at 31 December 2024 (2023: HK$2,894,020,000).

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

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

	2024	2023
	(HK$'000)	
Reflected in the consolidated statement of financial position:		
– Deferred tax assets	125,553	85,142
– Deferred tax liabilities	214,122	295,164

The Group has tax losses arising in Germany of HK$16,934,000 (2023: HK$23,526,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Hong Kong of HK$19,040,000 (2023: HK$20,705,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$3,768,000 (2023: HK$5,457,000) that will expire in five to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

30. OTHER LIABILITIES

Included in other liabilities is employee compensation of HK$971,000 (2023: HK$1,563,000) of overseas subsidiaries.

31. SHARE CAPITAL

	2024	2023
	(HK$'000)	
Issued and fully paid:		
1,668,031,166 (2023: 1,668,031,166) ordinary shares	**16,680**	**16,680**

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	Share premium	Total
	('000)	(HK$'000)	(HK$'000)	(HK$'000)
At 1 January 2023	1,668,031	16,680	3,320,411	3,337,091
At 31 December 2023 and 1 January 2024	1,668,031	16,680	3,320,411	3,337,091
At 31 December 2024	**1,668,031**	**16,680**	**3,320,411**	**3,337,091**

32. SHARE OPTION SCHEME

The share option scheme adopted by the Company on 5 November 2010 (the "2010 Share Option Scheme") was terminated and a new one was adopted by the Company following the termination of the 2010 Share Option Scheme on the annual general meeting of the Company held on 25 May 2020 (the "2020 Share Option Scheme").

The purpose of the share options schemes is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the share option schemes include full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any Directors (including non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and advisers, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries as described in the share option schemes. The 2010 Share Option Scheme and the 2020 Share Option Scheme both have a term of 10 years. Upon termination of the 2010 Share Option Scheme mentioned above, no further options may be granted thereunder but the provisions of the 2010 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to the termination.

NOTES TO FINANCIAL STATEMENTS

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32. SHARE OPTION SCHEME (Continued)

The maximum number of share options originally permitted to be granted under the 2010 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 28 May 2018. The maximum number of share options currently permitted to be granted under the 2020 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 25 May 2020. The maximum number of shares issuable under share options to each eligible participant under the 2010 Share Option Scheme and 2020 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the date on which the share options are granted to the relevant eligible participants. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period determined by the Directors and ends on a date which shall not be later than ten years from the date upon which the share options are deemed to be granted and accepted.

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

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

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

On 19 June 2020, the Board announced that the Company shall allow holders of the existing share options (the "Existing Share Options") granted on 28 August 2017, 27 March 2018, 28 May 2018 and 23 May 2019 under the 2010 Share Option Scheme to exchange their Existing Share Options for new share options to be granted under the 2020 Share Option Scheme. As at 19 June 2020, none of the above share options was vested.

32. SHARE OPTION SCHEME (Continued)

A total of 96,650,000 Existing Share Options were cancelled under the 2010 Share Option Scheme and replaced by a total of 26,084,500 new share options with an exercise price of HK$0.96 per share under the 2020 Share Option Scheme (the "Replacement Options").

The exchange ratio of the Replacement Options to Existing Share Options were based on their fair values on the modification date, i.e. 19 June 2020.

(A) 2010 SHARE OPTION SCHEME

The following share options were outstanding under the 2010 Share Option Scheme during the year:

	Weighted average exercise price	Number of options
	HK$ per share	'000
At 1 January 2023	3.996	103,870
Forfeited during the year	3.602	(3,690)
At 31 December 2023 and 1 January 2024	4.010	100,180
Forfeited during the year	3.878	(35,680)
At 31 December 2024	**4.083**	**64,500**

No share options were exercised or cancelled during the years ended 31 December 2024 and 2023.

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32. SHARE OPTION SCHEME (Continued)

(A) 2010 SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options	Exercise price	Exercise period
'000	HK$ per share	
2,266	3.75	7 October 2018 to 6 October 2025
2,267	3.75	7 October 2019 to 6 October 2025
2,267	3.75	7 October 2020 to 6 October 2025
4,300	4.54	27 September 2020 to 27 March 2028
6,450	4.54	27 September 2021 to 27 March 2028
10,750	4.54	27 September 2022 to 27 March 2028
620	5.122	28 May 2021 to 27 May 2028
930	5.122	28 May 2022 to 27 May 2028
1,550	5.122	28 May 2023 to 27 May 2028
6,620	3.75	23 May 2022 to 22 May 2029
9,930	3.75	23 May 2023 to 22 May 2029
16,550	3.75	23 May 2024 to 22 May 2029
64,500		

32. SHARE OPTION SCHEME (Continued)

(A) 2010 SHARE OPTION SCHEME (Continued)

2023

Number of options	Exercise price	Exercise period
'000	HK$ per share	
7,127	3.58	29 September 2017 to 28 September 2024
8,626	3.58	29 September 2018 to 28 September 2024
7,926	3.58	29 September 2019 to 28 September 2024
2,267	3.75	7 October 2018 to 6 October 2025
2,267	3.75	7 October 2019 to 6 October 2025
2,267	3.75	7 October 2020 to 6 October 2025
6,300	4.54	27 September 2020 to 27 March 2028
9,450	4.54	27 September 2021 to 27 March 2028
15,750	4.54	27 September 2022 to 27 March 2028
720	5.122	28 May 2021 to 27 May 2028
1,080	5.122	28 May 2022 to 27 May 2028
1,800	5.122	28 May 2023 to 27 May 2028
6,920	3.75	23 May 2022 to 22 May 2029
10,380	3.75	23 May 2023 to 22 May 2029
17,300	3.75	23 May 2024 to 22 May 2029
100,180		

(B) 2020 SHARE OPTION SCHEME

	Weighted average exercise price	Number of options
	HK$ per share	'000
At 1 January 2023	0.943	28,431
Forfeited during the year	0.973	(1,908)
At 31 December 2023 and 1 January 2024	0.941	26,523
Granted during the year	0.485	113,594
Forfeited during the year	0.684	(8,182)
At 31 December 2024	**0.564**	**131,935**

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32. SHARE OPTION SCHEME (Continued)

(B) 2020 SHARE OPTION SCHEME (Continued)

No share options were exercised or cancelled during the years ended 31 December 2024 and 2023.

The exercise prices and exercise periods of the above share options outstanding at the end of the reporting period are as follows:

2024

Number of options	Exercise price	Exercise period
'000	HK$ per share	
46	0.96	28 August 2020 to 27 August 2027
47	0.96	28 August 2021 to 27 August 2027
47	0.96	28 August 2022 to 27 August 2027
1,579	0.96	27 September 2020 to 27 March 2028
2,369	0.96	27 September 2021 to 27 March 2028
3,948	0.96	27 September 2022 to 27 March 2028
148	0.96	28 May 2021 to 27 May 2028
222	0.96	28 May 2022 to 27 May 2028
370	0.96	28 May 2023 to 27 May 2028
2,164	0.96	23 May 2022 to 22 May 2029
3,245	0.96	23 May 2023 to 22 May 2029
5,410	0.96	23 May 2024 to 22 May 2029
612	1.01	11 December 2023 to 10 December 2030
919	1.01	11 December 2024 to 10 December 2030
1,485	1.01	11 December 2025 to 10 December 2030
100	1.042	16 June 2025 to 15 June 2032
150	1.042	16 June 2026 to 15 June 2032
250	1.042	16 June 2027 to 15 June 2032
59,408	0.485	2 July 2025 to 1 July 2034
9,617	0.485	2 July 2026 to 1 July 2034
19,290	0.485	2 July 2027 to 1 July 2034
11,374	0.485	2 July 2028 to 1 July 2034
9,135	0.485	2 July 2029 to 1 July 2034
131,935		

32. SHARE OPTION SCHEME (Continued)

(B) 2020 SHARE OPTION SCHEME (Continued)

2023

Number of options	Exercise price	Exercise period
'000	HK$ per share	
93	0.96	28 August 2020 to 27 August 2027
93	0.96	28 August 2021 to 27 August 2027
93	0.96	28 August 2022 to 27 August 2027
2,107	0.96	27 September 2020 to 27 March 2028
3,161	0.96	27 September 2021 to 27 March 2028
5,268	0.96	27 September 2022 to 27 March 2028
160	0.96	28 May 2021 to 27 May 2028
240	0.96	28 May 2022 to 27 May 2028
400	0.96	28 May 2023 to 27 May 2028
2,307	0.96	23 May 2022 to 22 May 2029
3,459	0.96	23 May 2023 to 22 May 2029
5,487	0.96	23 May 2024 to 22 May 2029
705	1.01	11 December 2023 to 10 December 2030
919	1.01	11 December 2024 to 10 December 2030
1,531	1.01	11 December 2025 to 10 December 2030
100	1.042	16 June 2025 to 15 June 2032
150	1.042	16 June 2026 to 15 June 2032
250	1.042	16 June 2027 to 15 June 2032
26,523		

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

32. SHARE OPTION SCHEME (Continued)

The fair value of the share options granted during the year ended 31 December 2024 was HK$22,357,000, of which the Group recognised share option expenses of HK$5,272,000 during the year ended 31 December 2024.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial tree model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Share options granted on 2 July 2024
Fair value under binomial model (HK$)	22,357,000
Dividend yield (%)	0.00
Spot stock price (HK$ per share)	0.485
Historical volatility (%)	46.29
Risk-free interest rate (%)	3.665
Expected life of options (year)	**10**

The risk-free rate for periods within the contractual life of the option is based on the yield of Hong Kong Exchange Fund Notes.

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The Group overall recognised a share option expense of HK$5,572,000 (2023: HK$1,827,000) for the year ended 31 December 2024.

At the end of the reporting period, the Company had 64,500,000 and 131,934,500 share options outstanding under the 2010 Share Option Scheme and 2020 Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 196,434,500 additional ordinary shares of the Company and additional share capital of HK$1,964,345 and share premium of HK$335,852,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 53,450,000 and 129,047,500 share options outstanding under the 2010 Share Option Scheme and 2020 Share Option Scheme respectively, which represented approximately 3.20% and 7.74% of the Company's shares in issue as at that date.

33. RESERVES

The changes in the reserves of the Group during the year have been disclosed in the consolidated statement of changes in equity of the Group.

STATUTORY RESERVE FUNDS

Statutory reserve funds comprise:

(i) Reserve fund

PRC laws and regulations require wholly-foreign-owned enterprises ("WFOE") to provide for the reserve fund by appropriating a part of the net profit (based on the entity's statutory accounts) before dividend distribution. Each subsidiary being WFOE is required to appropriate at least 10% of its net profit after tax to the reserve fund until the balance of this fund reaches 50% of its registered capital. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

(ii) Enterprise expansion fund

In accordance with the relevant regulations and the articles of association of the Group's PRC subsidiaries, appropriations from net profit should be made to the enterprise expansion fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors for the subsidiaries registered in the PRC as foreign invested companies. The percentages to be appropriated to the enterprise expansion fund are determined by the boards of directors of the subsidiaries.

(iii) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the Group's PRC subsidiaries, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

33. RESERVES (Continued)

MERGER RESERVE

As at 31 December 2024, the merger reserve represents the following:

(i) In 2001, the Group acquired GCPC from GCPC's then shareholders through the issue of the Company's shares to GCPC's then shareholders. The difference between the nominal value of the Company's share of the paid-up capital of GCPC and the par value of the Company's shares issued amounting to HK$108,281,000 was recognised in the merger reserve account.

(ii) In 2007, Geoby Electric Vehicle Co., Ltd. ("GPCL") was established to take over certain operations from the Group and the net asset value of the discontinued operation over the consideration received amounting to HK$1,362,000 was recognised as a deemed distribution in the merger reserve account.

(iii) The Group acquired the wooden products and E-car businesses through acquiring a 100% equity interest in PCPC in June 2010 and this acquisition was accounted for using the pooling of interests method. Prior to the establishment of PCPC on 5 November 2008, the wooden products and E-car businesses were carried out by a fellow subsidiary, GPCL. Upon establishment, PCPC acquired all the assets and liabilities related to the wooden products and E-car businesses from GPCL at their respective book values and continued the wooden products and E-car businesses afterwards. Accordingly, the retained earnings of HK$11,357,000 in respect of the wooden products and E-car businesses generated prior to the establishment of PCPC were capitalised in the merger reserve account in 2008.

(iv) In 2010, the Group disposed of its equity interests in Goodbaby (China) Commercial Co., Ltd. ("GCCL"), Shanghai Goodbaby Fashion Co., Ltd. ("SHFS"), Shanghai Online Service Co., Ltd. ("SGOL"), Ricky Bright Limited ("RCBL"), Mothercare Goodbaby China Retail Limited ("MGCR") and Mothercare-Goodbaby Retailing Co., Ltd. ("MGRL") to G-Baby Holdings Limited ("GBHL") for a consideration of HK$287,936,000 in aggregate. The consideration over the net asset value of the discontinued operations amounting to HK$35,699,000 was recognised as a deemed contribution in the merger reserve account.

HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net gain or loss on the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges.

34. DISPOSAL OF A SUBSIDIARY

	2023 (HK$'000)
Net assets disposed of:	
Cash and bank balances	6,579
Trade receivables	1,127
Prepayments and other receivables	161
Inventories	2,337
Trade payables	(193)
Accruals and other payables	(1,603)
Non-controlling interests	(4,120)
Subtotal	**4,288**
Exchange fluctuation reserve	612
Gain on disposal of a subsidiary	678
Total consideration	**5,578**
Satisfied by:	
Cash	**5,578**

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

	2023 (HK$'000)
Cash consideration	5,578
Cash and bank balances disposed of	(6,579)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(1,001)**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$123,480,000 (2023: HK$68,446,000) and HK$123,480,000 (2023: HK$68,446,000), respectively, in respect of lease arrangements for plant and equipment.

During the year, no pledged time deposits (2023: HK$220,044,000) were reclassified to time deposit due to the repayment of related bank borrowings with the corresponding pledge released.

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

2024

	Interest-bearing bank loans and other borrowings	Lease liabilities
	(HK$'000)	
At 1 January 2024	2,793,847	255,645
Changes from financing cash flows	(1,354,290)	(119,565)
New leases	–	123,480
Interest expense	58,168	8,742
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	3,488
Foreign exchange realignment	(42,668)	(11,341)
At 31 December 2024	**1,455,057**	**260,449**

2023

	Interest-bearing bank loans and other borrowings	Lease liabilities
	(HK$'000)	
At 1 January 2023	3,354,778	300,172
Changes from financing cash flows	(586,781)	(123,243)
New leases	–	68,446
Interest expense	25,968	11,826
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,514)
Foreign exchange realignment	(118)	(42)
At 31 December 2023	**2,793,847**	**255,645**

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(C) TOTAL CASH OUTFLOW FOR LEASES:

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

	2024	2023
	(HK$'000)	
Within operating activities	9,856	18,113
Within financing activities	119,565	123,243
Total	**129,421**	**141,356**

36. CONTINGENT LIABILITIES

In the ordinary course of business, the Group may from time to time be involved in legal proceedings and litigations. The Group records a liability when the Group believes that it is both probable that a loss has been incurred by the Group and the amount can be reasonably estimated. With respect to the Group's outstanding legal matters, notwithstanding that the outcome of such legal matters is inherently unpredictable and subject to uncertainties, the Group believes that, based on its current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Group's business, financial position, results of operations, or cash flows.

37. PLEDGE OF ASSETS

Details of the Group's assets pledged for business operation are included in notes 23 and 28 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

38. COMMITMENTS

The Group had the following capital commitments as at 31 December:

	2024	2023
	(HK$'000)	
Property, plant and equipment	10,750	7,024
Other intangible assets	2,513	–
Total	**13,263**	**7,024**

39. RELATED PARTY TRANSACTIONS AND BALANCES

(A) NAME AND RELATIONSHIP

Name of related party	Relationship with the Group
Mr. Song Zhenghuan ("Mr. Song")	Director and one of the ultimate shareholders of the Company
Goodbaby China Holdings Limited ("CAGB")	Controlled by Mr. Song and his spouse
Goodbaby Group Pingxiang Co., Ltd. ("GGPX")	Wholly owned by GGCL (Controlled by Mr. Song and his spouse)
Suzhou Goodbaby New Retail Technology Co., Ltd. ("GCQT") (Former name is Suzhou Goodbaby Qingtao Technology Service Co., Ltd.) (note (a))	Joint Venture before 2 April 2024
Dadway, Inc. ("Dadway") (note (b))	A substantial shareholder of CBJP before 15 November, 2023
Goodbaby Mechatronics s.r.o. ("GBMS")	Joint venture

Note (a): Suzhou Goodbaby Qingtao Technology Service Co., Ltd. ("GCQT") was established on 21 May 2019, in Jiangsu Province, the PRC, with a 51% equity interest beneficially held by the Group and defined as a joint venture. As at 2 April 2024, the Group entered an agreement with Suzhou Qingtao New Energy Technology Co., Ltd. to acquire additional 49% shares of GCQT at a cash consideration of HK$7,430,852. Upon completion, GCQT became a wholly owned subsidiary of the Company and was consolidated into the consolidated financial statements of the Group. Considered the cash and bank balances acquired, the net cash outflow of the Group in respect of the acquisition amounted to HK$6,670,610. The company was renamed as Suzhou Goodbaby New Retail Technology Co., Ltd. in September 2024 and it added wholesale and retail of children's products as one of its principal activities after the acquisition.

Note (b): Dadway, Inc. ("Dadway") was a company incorporated in Japan, which was a non-controlling shareholder of CBJP (a significant subsidiary of the Group) before. As CBJP became a wholly-owned subsidiary of the Company since 15 November 2023, the sales and purchase transactions with Dadway during the current year do not constitute related party transactions.

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(B) RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2024	2023
	(HK$'000)	
Sales of goods to related parties (note (a))		
CAGB and its subsidiaries#	2,896	8
GCQT	3	1,545
Dadway	–	23,616
	2,899	**25,169**
Purchase of goods from related parties (note (b))		
CAGB and its subsidiaries	1,138	–
GCQT	154	723
	1,292	**723**
Service charge from related parties (note (c))		
GCQT	858	6,175
GBMS	318	227
	1,176	**6,402**
Service expense to related parties (note (d))		
GBMS	4,550	3,366
Dadway	–	26,087
	4,550	**29,453**
Expenses paid on behalf of related parties		
CAGB and its subsidiaries	–	2,415
Dadway	–	33
	–	**2,448**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(B) RELATED PARTY TRANSACTIONS (Continued)

Note (a): The sales of goods were made according to the prices and terms mutually agreed between the related parties.

Note (b): The purchase of goods from the related party was made according to the prices and terms agreed with the related party.

Note (c): The service charge from the related party was made according to the prices and terms agreed with the related party.

Note (d): The service expense to related parties was made according to the prices and terms agreed with the related party.

The related party transactions marked with # above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, which are exempted from the independent shareholders' approval, but subject to the reporting, annual review and announcement requirements of the Listing Rules.

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

The amounts due from related parties are unsecured, interest-free and repayable in 120 days.

	2024	2023
	(HK$'000)	
Amounts due from related parties:		
CAGB and its subsidiaries	545	2,400
GCQT	–	3,997
	545	**6,397**
Lease liabilities due to a related party (note (a)):		
GGPX	**46,188**	**16,184**
Amounts due to related parties:		
GBMS	**1,909**	**502**

Note (a): The Group has entered into lease agreements in respect of certain warehouse and plant from GGPX. At 30 August 2024, the Group and GGPX renewed the lease agreements to extend the lease term until 31 December 2027. At 31 December 2024, the Group recognised right-of-use assets of HK$45,375,000 and lease liabilities of HK$46,188,000. The transactions were made according to the prices and terms agreed with the related parties.

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2024	2023
	(HK$'000)	
Short term employee benefits	59,736	52,688
Equity-settled share option expense	2,930	1,124
Post-employment benefits	873	1,050
Total compensation paid to key management personnel	**63,539**	**54,862**

Further details of directors' remuneration are included in note 9 to the financial statements.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024	2023	2024	2023
	(HK$'000)			
Financial assets				
Derivative financial instruments	20,430	9,903	20,430	9,903
Financial assets at fair value through profit or loss – wealth investment products	–	55,011	–	55,011
Total	**20,430**	**64,914**	**20,430**	**64,914**
Financial liabilities				
Derivative financial instruments	12,063	42,013	12,063	42,013
Interest-bearing bank loans and other borrowings	1,455,057	2,793,847	1,455,057	2,789,052
Total	**1,467,120**	**2,835,860**	**1,467,120**	**2,831,065**

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, time deposits, trade receivables, financial assets included in prepayments, other receivables, current interest-bearing bank loans and other borrowings, trade and bills payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The carrying amount of the non-current interest-bearing bank loans and other borrowings of the Group approximates to their fair value because the loans have a floating interest rate.

The finance department of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments, i.e., forward currency contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY

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

Assets measured at fair value:

	31 December 2024	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	(HK$'000)			
Derivative financial instruments	**20,430**	**–**	**20,430**	**–**

	31 December 2023	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	(HK$'000)			
Derivative financial instruments	9,903	–	9,903	–
Financial assets at fair value through profit or loss – wealth investment products	55,011	–	55,011	–
Total	**64,914**	**–**	**64,914**	**–**

NOTES TO FINANCIAL STATEMENTS

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements in Level 3 during the year are as follows:

	2024	2023
	(HK$'000)	
At 1 January	–	28,519
Call option exercised	–	(29,060)
Exchange realignment	–	541
At 31 December	**–**	**–**

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY (Continued)

Liabilities measured at fair values:

	31 December 2024	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	(HK$'000)			
Derivative financial instruments	12,063	–	12,063	–
Interest-bearing bank loans and other borrowings	1,455,057	–	1,455,057	–
Total	**1,467,120**	**–**	**1,467,120**	**–**

	31 December 2023	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	(HK$'000)			
Derivative financial instruments	42,013	–	42,013	–
Interest-bearing bank loans and other borrowings	2,789,052	–	2,789,052	–
Total	**2,831,065**	**–**	**2,831,065**	**–**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

41. FINANCIAL INSTRUMENTS BY CATEGORY

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

FINANCIAL ASSETS

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
		(HK$'000)	
Trade receivables	–	1,084,452	1,084,452
Financial assets included in prepayments and other receivables (note 21)	–	398,437	398,437
Due from related parties	–	545	545
Derivative financial instruments	20,430	–	20,430
Other long-term assets (note 18)	–	4,015	4,015
Pledged deposits	–	26,684	26,684
Cash and cash equivalents	–	1,099,358	1,099,358
Total	**20,430**	**2,613,491**	**2,633,921**

As at 31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
		(HK$'000)	
Trade receivables	–	1,175,812	1,175,812
Financial assets included in prepayments and other receivables (note 21)	–	399,475	399,475
Financial assets at fair value through profit or loss	55,011	–	55,011
Due from related parties	–	6,397	6,397
Derivative financial instruments	9,903	–	9,903
Other long-term assets (note 18)	–	4,179	4,179
Pledged deposits	–	612,028	612,028
Time deposits	–	549,998	549,998
Cash and cash equivalents	–	981,899	981,899
Total	**64,914**	**3,729,788**	**3,794,702**

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

FINANCIAL LIABILITIES

As at 31 December 2024

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		(HK$'000)	
Financial liabilities included in other payables and accruals (note 26)	–	236,600	236,600
Trade and bills payables	–	1,457,628	1,457,628
Interest-bearing bank loans and other borrowings	–	1,455,057	1,455,057
Lease liabilities	–	260,449	260,449
Derivative financial instruments	12,063	–	12,063
Due to related parties	–	1,909	1,909
Total	**12,063**	**3,411,643**	**3,423,706**

As at 31 December 2023

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		(HK$'000)	
Financial liabilities included in other payables and accruals (note 26)	–	209,840	209,840
Trade and bills payables	–	1,304,386	1,304,386
Interest-bearing bank loans and other borrowings	–	2,793,847	2,793,847
Lease liabilities	–	255,645	255,645
Derivative financial instruments	42,013	–	42,013
Due to related parties	–	502	502
Total	**42,013**	**4,564,220**	**4,606,233**

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing bank loans and other borrowings, trade and bills payables, other payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial investments such as trade and other receivables, cash and cash equivalents and amounts due from related parties, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risk arising from the Group's operations.

It is, and has been throughout the year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

INTEREST RATE RISK

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The interest rates and terms of repayment of borrowings are disclosed in note 28.

The Group has not used any interest swaps to hedge its exposure to interest rate risk. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in interest rate	(Decrease)/ increase in profit before tax
		(HK$'000)
Year ended 31 December 2024	+5%/–5%	(7,775)/7,775
Year ended 31 December 2023	+5%/–5%	(10,380)/10,380

A reasonably possible change of 5% in the interest rates with all other variables held constant has no impact on the Group's equity other than retained earnings.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure. Such exposure arises from sales or purchases by operating units in currencies other than the units' functional currencies. The Group requires its operating units to use foreign currency forward contracts to eliminate the foreign currency exposures on any individual transactions, for which payment is anticipated more than three months after the Group has entered into a firm commitment for a sale or purchase. The foreign currency forward contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The Group manages its foreign currency risk by entering into foreign currency forward contracts to hedge its exposure to fluctuations on the translation into RMB of its foreign operations of sales in the US$ or EUR and the translation into EUR of its foreign operations of sales in various currencies, as described in note 23. It is the Group's policy to ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at a fixed rate where necessary to address short term imbalances. Management will continue to monitor foreign exchange exposure and will continue to consider hedging significant foreign currency exposure by using financial instruments such as foreign currency forward contracts.

The operating units' functional currencies of the Group are RMB, EUR and US$, while the currencies which have significant transactional currency exposures are US$ and EUR. The Group's exposure to foreign currency changes for all other currencies is not material. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ and EUR exchange rates against RMB, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK (Continued)

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax
	%	(HK$'000)
Year ended 31 December 2024		
If US$ strengthens against RMB	5%	25,983
If US$ weakens against RMB	(5%)	(25,983)
If EUR strengthens against RMB	5%	17,936
If EUR weakens against RMB	(5%)	(17,936)
Year ended 31 December 2023		
If US$ strengthens against RMB	5%	15,544
If US$ weakens against RMB	(5%)	(15,544)
If EUR strengthens against RMB	5%	19,441
If EUR weakens against RMB	(5%)	(19,441)

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	(HK$'000)				
Trade receivables*	–	–	–	1,084,452	1,084,452
Financial assets included in prepayments and other receivables					
– Normal**	398,437	–	–	–	398,437
Pledged deposits					
– Not yet past due	26,684	–	–	–	26,684
Cash and cash equivalents					
– Not yet past due	1,099,358	–	–	–	1,099,358
Total	**1,524,479**	**–**	**–**	**1,084,452**	**2,608,931**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	(HK$'000)				
Trade receivables*	–	–	–	1,175,812	1,175,812
Financial assets included in prepayments and other receivables					
– Normal**	399,475	–	–	–	399,475
Pledged deposits					
– Not yet past due	612,028	–	–	–	612,028
Time deposits					
– Not yet past due	549,998	–	–	–	549,998
Cash and cash equivalents					
– Not yet past due	981,899	–	–	–	981,899
Total	**2,543,400**	**–**	**–**	**1,175,812**	**3,719,212**

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Concentrations of credit risk are managed by customer and geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's objective when managing liquidity risk are to maintain sufficient reserves of cash and flexibility through the use of interest-bearing loans and adequate committed credit facilities. Also, the Group's policy is to regularly monitor current and expected liquidity requirements, in particular those relating to capital expenditure and repayments of debts. At the end of the reporting period, management expected that the Group had no significant liquidity risk in the near future. The Group's policy is that all the borrowings should be approved by the chief financial officer.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

31 December 2024

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	(HK$'000)					
Interests-bearing bank loans and other borrowings	240,665	178,896	56,325	979,171	–	1,455,057
Lease liabilities	–	25,561	74,530	165,100	10,868	276,059
Trade and bills payables	1,156,016	301,612	–	–	–	1,457,628
Derivative financial instruments	–	4,741	7,094	228	–	12,063
Due to related parties	1,909	–	–	–	–	1,909
Other payables	236,600	–	–	–	–	236,600
Total	**1,635,190**	**510,810**	**137,949**	**1,144,499**	**10,868**	**3,439,316**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

31 December 2023

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	(HK$'000)					
Interests-bearing bank loans and other borrowings	188,656	183,217	2,424,377	178,438	–	2,974,688
Lease liabilities	–	28,509	85,526	148,002	14,988	277,025
Trade and bills payables	1,021,642	282,744	–	–	–	1,304,386
Derivative financial instruments	–	24,956	16,760	297	–	42,013
Due to related parties	502	–	–	–	–	502
Other payables	209,840	–	–	–	–	209,840
Total	**1,420,640**	**519,426**	**2,526,663**	**326,737**	**14,988**	**4,808,454**

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank loans and other borrowings, trade and bills payables, other payables and accruals, and less monetary assets, including cash and cash equivalents, time deposits and pledge deposits and financial assets at fair value through profit or loss. Capital represents equity attributable to owners of the parent and less hedging reserve.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CAPITAL MANAGEMENT (Continued)

The gearing ratios at the end of the reporting periods were as follows:

	2024	2023
	(HK$'000)	
Trade and bills payables	1,457,628	1,304,386
Other payables and accruals	1,037,527	920,041
Interest-bearing bank loans and other borrowings	1,455,057	2,793,847
Less: Monetary assets	1,126,042	2,198,936
Net debt	**2,824,170**	**2,819,338**
Equity attributable to owners of the parent	5,789,855	5,602,365
Less: Hedging reserve	7,056	(16,919)
Adjusted capital	**5,782,799**	**5,619,284**
Capital and net debt	**8,606,969**	**8,438,622**
Gearing ratio	**33%**	**33%**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	31 December 2024	31 December 2023
	(HK$'000)	
NON-CURRENT ASSETS		
Investments in subsidiaries	3,835,730	3,835,730
Total non-current assets	3,835,730	3,835,730
CURRENT ASSETS		
Other receivables	349	376
Due from subsidiaries	112,230	751,823
Cash and cash equivalents	6,912	7,921
Total current assets	119,491	760,120
CURRENT LIABILITIES		
Accrued expenses	97	119
Due to a subsidiary	816,888	1,659,676
Total current liabilities	816,985	1,659,795
NET CURRENT LIABILITIES	(697,494)	(899,675)
TOTAL ASSETS LESS CURRENT LIABILITIES	3,138,236	2,936,055
Net assets	**3,138,236**	**2,936,055**
EQUITY		
Share capital	16,680	16,680
Reserves (note)	3,121,556	2,919,375
Total equity	**3,138,236**	**2,936,055**

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Share premium	Share option reserve	Accumulated losses	Total
	(HK$'000)			
Balance at 1 January 2023	3,320,411	207,590	(576,002)	2,951,999
Loss for the year	–	–	(34,451)	(34,451)
Equity-settled share option arrangements	–	1,827	–	1,827
Transfer of share option reserve upon the forfeiture or expiry of share options	–	(5,074)	5,074	–
Balance at 31 December 2023 and 1 January 2024	3,320,411	204,343	(605,379)	2,919,375
Profit for the year	–	–	196,609	196,609
Equity-settled share option arrangements	–	5,572	–	5,572
As at 31 December 2024	**3,320,411**	**209,915**	**(408,770)**	**3,121,556**

44. EVENTS AFTER THE REPORTING PERIOD

As announced by the Company on 26 March 2025, the Board has resolved to adopt a new share option scheme (the "2025 Share Option Scheme") to replace the 2020 Share Option Scheme at an extraordinary general meeting of the Company to be convened immediately after the forthcoming annual general meeting of the Company. The adoption of the 2025 Share Option Scheme will be conditional upon:

(i) the passing of the necessary resolutions by the shareholders of the Company to approve and adopt the rules of Share Option Scheme; and

(ii) the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the shares which may fall to be issued pursuant to the exercise of options to be granted under the 2025 Share Option Scheme.

Please refer to the announcement of the Company issued on 26 March 2025 regarding the proposed adoption of the 2025 Share Option Scheme and the termination of the 2020 Share Option Scheme for details.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

FIVE YEAR FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 December				
	2024	2023	2022	2021	2020
	(HK$'000)				
Results					
Revenue	8,765,905	7,927,326	8,292,152	9,692,137	8,304,967
Cost of sales	(4,258,005)	(3,959,612)	(4,936,271)	(5,696,909)	(4,636,930)
Gross profit	4,507,900	3,967,714	3,355,881	3,995,228	3,668,037
Other income and gains	34,432	129,413	165,429	80,800	90,048
Selling and distribution expenses	(2,456,521)	(2,266,661)	(2,072,449)	(2,476,241)	(2,131,438)
Administrative expenses	(1,568,300)	(1,461,562)	(1,345,590)	(1,426,458)	(1,145,615)
Other expenses	(17,590)	(539)	(2,437)	(7,266)	(50,972)
Operating Profit	499,921	368,365	100,834	166,063	430,060
Finance income	26,732	48,199	42,971	35,074	5,956
Finance costs	(155,491)	(215,552)	(137,906)	(90,594)	(114,068)
Share of profits and losses of a joint venture	8,408	(4,192)	(4,621)	1,277	(1,143)
Share of profits and losses of an associate	–	(390)	(85)	(8)	(105)
Profit before tax	379,570	196,430	1,193	111,812	320,700
Income tax (expense)/credit	(23,354)	12,031	38,935	15,749	(62,780)
Profit for the year	356,216	208,461	40,128	127,561	257,920
Attributable to:					
Owners of the parent	355,846	203,496	33,487	123,817	256,574
Non-controlling interests	370	4,965	6,641	3,744	1,346
	356,216	**208,461**	**40,128**	**127,561**	**257,920**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	(HK$'000)				
Total assets	10,403,582	11,373,454	11,714,695	13,171,712	11,868,787
Total liabilities	(4,587,965)	(5,745,721)	(6,157,042)	(7,074,208)	(6,087,218)
Non-controlling interests	(25,762)	(25,368)	(40,975)	(36,553)	(32,125)
	5,789,855	**5,602,365**	**5,516,678**	**6,060,951**	**5,749,444**

Goodbaby
International

A Leading Juvenile Products Company

Goodbaby International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
www.gbinternational.com.hk
Stock Code: 1086

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