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STAR SHINE HOLDINGS GROUP LIMITED

應星控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1440)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

AND

CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

I. ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Star Shine Holdings Group Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period was approximately RMB584.5 million, representing an increase of approximately 84.2% as compared with that for the FY2023.
- Gross profit of the Group for the Reporting Period was approximately RMB57.5 million, representing an increase of approximately 141.1% as compared with that for the FY2023.
- Loss attributable to owners of the Company for the Reporting Period was approximately RMB12.8 million, representing an increase of approximately 26.4% as compared with that for the FY2023.
- Basic and diluted loss per share attributable to owners of the Company was approximately RMB1.01 cents for the Reporting Period.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Revenue	3	584,541	317,353
Cost of sales		<u>(527,047)</u>	<u>(293,507)</u>
Gross profit		57,494	23,846
Other income	5	1,797	4,401
Other gains, net	6	2,096	2,457
Selling and distribution expenses	4	(34,175)	(16,160)
Administrative expenses	4	(39,525)	(17,782)
Net reversal of loss allowance on financial assets and contract assets	4	1,034	1
Impairment loss on property, plant and equipment	10	<u>(1,642)</u>	<u>(7,382)</u>
Operating loss		(12,921)	(10,619)
Finance income		2,757	2,306
Finance costs		<u>(2,599)</u>	<u>(352)</u>
Finance income, net	7	<u>158</u>	<u>1,954</u>
Loss before income tax		(12,763)	(8,665)
Income tax credit/(expenses)	8	<u>10</u>	<u>(1,426)</u>
Loss for the year attributable to owners of the Company		<u>(12,753)</u>	<u>(10,091)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>RMB cents</i>)	9	<u>(1.01)</u>	<u>(0.80)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	RMB'000	RMB'000
Loss for the year	(12,753)	(10,091)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
– Exchange differences on translation of foreign operations	<u>547</u>	<u>77</u>
Total comprehensive loss for the year attributable to owners of the Company	<u>(12,206)</u>	<u>(10,014)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	10	110,218	122,014
Right-of-use assets	10	8,738	6,326
Intangible assets		424	452
Interest in a joint venture	11	32,410	–
Prepayments	12	–	121
		151,790	128,913
Current assets			
Inventories	13	5,292	6,301
Contract assets	14	4,677	6,854
Trade and bills receivables	14	72,004	78,185
Prepayments, deposits and other receivables	12	19,132	2,944
Financial assets at fair value through profit or loss		8,006	–
Cash and cash equivalents		231,939	268,978
		341,050	363,262
Total assets		492,840	492,175
Equity			
Equity attributable to owners of the Company			
Share capital		10,511	10,511
Reserves		293,167	305,373
Total equity		303,678	315,884

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Liabilities			
Non-current liabilities			
Other payables	15	1,321	1,373
Lease liabilities		4,525	2,528
Deferred tax liabilities		550	532
		6,396	4,433
Current liabilities			
Trade and bills payables	16	109,569	108,793
Other payables and accruals	15	13,405	19,877
Contract liabilities	15	1,147	220
Interest-bearing borrowing	17	–	33,440
Lease liabilities		1,980	1,355
Loans from ultimate holding company	18	52,349	3,411
Current income tax liabilities		4,316	4,762
		182,766	171,858
Total liabilities		189,162	176,291
Total equity and liabilities		492,840	492,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2019 as an exempted company with limited liability under the Companies Law Cap. 22, Law 3 of 1961 as consolidated and revised of the Cayman Islands. The address of the Company's registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) is principally engaged in (i) manufacturing of lace and provision of dyeing services; and (ii) footwear business.

In the opinion of the Directors of the Company, the ultimate holding company of the Company is Glorious Way Investments Limited, a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Mr. Tsoi Wing Sing.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB'000**”), unless otherwise indicated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements. The adoption of the new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group.

(a) Adoption of new/revised HKFRS Accounting Standards

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

(b) Future changes in HKFRS Accounting Standards

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current financial reporting period, which the Group has not early adopted.

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

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 periods beginning on or after 1 January 2027

⁴ The effective date to be determined

The Directors of the Company do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the financial performance and financial position of the Group.

3 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (i) manufacturing of lace and provision of dyeing services; and (ii) footwear business.

The executive Directors of the Company have been identified as the chief operating decision-maker (“**CODM**”). The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on these reports.

The Group has three reportable operating segments being:

- (i) Manufacturing of lace — principally engaged in manufacturing of lace based on customers’ orders for lingerie and other products;
- (ii) Provision of dyeing services — principally engaged in provision of dyeing services of lace and swimwear fabrics based on customers’ orders; and
- (iii) Footwear — principally engaged in design, research and development, sourcing, merchandising, quality control and sales of causal and sports footwear.

The CODM assesses the performance of the operating segments based on a measure of revenue and gross profit.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

(a) **Segment revenue and results by operating segments**

The segment information provided to the Directors of the Company for the reportable segments for the years ended 31 December 2024 and 2023 is as follows:

	Manufacturing of lace		Provision of dyeing services		Footwear		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	<u>14,421</u>	<u>20,690</u>	<u>64,932</u>	<u>53,287</u>	<u>505,188</u>	<u>243,376</u>	<u>584,541</u>	<u>317,353</u>
Segment results	<u>205</u>	<u>1,479</u>	<u>(317)</u>	<u>(7,327)</u>	<u>57,606</u>	<u>29,694</u>	<u>57,494</u>	<u>23,846</u>
Other segmental information:								
Depreciation of property, plant and equipment	4,086	5,158	6,399	7,007	1,473	-	11,958	12,165
Additions to non-current segment assets	-	-	652	460	3,860	4,183	4,512	4,643
Write-down of inventories	448	1,134	667	322	-	-	1,115	1,456
Impairment loss on property, plant and equipment	640	3,130	1,002	4,252	-	-	1,642	7,382
Research and development expenditures	-	-	6,740	6,481	5,372	2,178	12,112	8,659
Commission and handling charges	-	-	-	-	22,198	10,631	22,198	10,631

(b) Disaggregation of revenue from contracts with customers within HKFRS 15 by the timing of revenue is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Over time – provision of services	79,353	73,977
At a point in time – sales of footwear	<u>505,188</u>	<u>243,376</u>
	<u>584,541</u>	<u>317,353</u>

(c) Segment revenue by operating geographical location

The Group's revenue by geographical location, which is determined by the location of operations, is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Mainland China and Hong Kong	<u>584,541</u>	<u>317,353</u>

(d) Information about major customers

Revenue derived from customers individually contributing over 10% of the Group's total revenue during the years ended 31 December 2024 and 2023 is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Customer A from footwear business segment	<u>454,719</u>	<u>220,161</u>

(e) Details of contract liabilities

	2024 RMB'000	2023 <i>RMB'000</i>
Contract liabilities	<u>1,147</u>	<u>220</u>

Notes:

- (i) Contract liabilities represent advanced payments received from the customers for services that have not yet been transferred to the customers. The contract liabilities fluctuated during the years ended 31 December 2024 and 2023 due to fluctuation in sales orders with advanced payments.
- (ii) During the years ended 31 December 2024 and 2023, all brought-forward contract liabilities at the beginning of the financial reporting periods were fully recognised as revenue.

(f) Unsatisfied performance obligations

At 31 December 2024 and 2023, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied performance obligations was not disclosed.

(g) **Non-current assets by geographical location**

No geographical analysis on segment assets is provided as substantially all of the Group's non-current assets were located in the Mainland China and Hong Kong.

4 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses, net reversal of loss allowance on financial assets and contract assets and impairment losses on property, plant and equipment are analysed as follows:

	2024	2023
	RMB'000	RMB'000
Raw materials and merchandise used	477,110	242,584
Employee benefit expenses, including Directors' emoluments	54,022	36,449
Manpower service expenses	1,146	1,229
Amortisation of intangible assets	158	363
Utilities	11,022	9,204
Depreciation of property, plant and equipment and right-of-use assets	13,351	15,357
Depreciation of investment property	–	13
Write-down of inventories	1,115	1,456
Auditors' remuneration		
– Audit service	958	895
– Non-audit service	319	492
Professional fees	3,843	2,970
Other tax and surcharges	1,028	921
Packaging expenses	3,951	703
Commission and handling charges	22,198	10,631
Waste handling charges	2,080	2,094
Net reversal of loss allowance on financial assets and contract assets	(1,034)	(1)
Impairment loss on property, plant and equipment	1,642	7,382
Travelling expenses	1,817	929
Entertainment expenses	1,559	694
Donations	1,824	100
Others	3,246	365
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses, administrative expenses, net reversal of loss allowance on financial assets and contract assets and impairment loss on property, plant and equipment	601,355	334,830

Note:

During the year ended 31 December 2024, research and development expenditures of approximately RMB12,112,000 (2023: approximately RMB8,659,000) were included in the respective amounts as disclosed above.

5 OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Government grants (<i>Note</i>)	752	4,247
Others	<u>1,045</u>	<u>154</u>
	<u><u>1,797</u></u>	<u><u>4,401</u></u>

Note: Government grants are all income related and there exists no unfulfilled conditions or other contingencies attaching to these government grants.

6 OTHER GAINS, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss on disposal of properties, plant and equipment	(13)	–
Exchange differences	2,102	2,386
Others	<u>7</u>	<u>71</u>
	<u><u>2,096</u></u>	<u><u>2,457</u></u>

7 FINANCE INCOME, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Finance income		
Interest income	----- 2,757	----- 2,306
Finance costs		
Unwinding of discount on other payables	(13)	(12)
Interest expenses on lease liabilities	(200)	(62)
Interest expenses on interest-bearing borrowing	(1,825)	(278)
Charges on bills payables	(206)	–
Interest expenses on loans from ultimate holding company	<u>(355)</u>	<u>–</u>
	----- (2,599)	----- (352)
Finance income, net	<u><u>158</u></u>	<u><u>1,954</u></u>

8 TAXATION

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax of those jurisdictions.

During the years ended 31 December 2024 and 2023, Fujian Deyun Technology Co., Ltd* (福建德運科技有限公司), the Group's subsidiary in the People's Republic of China ("PRC"), has qualified for high and new technology enterprises status since December 2022 with a valid period of 3 years and is therefore subject to a preferential income tax rate of 15% during the valid period.

The State Taxation Administration of the PRC announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim at maximum 200% of their research and development expenses as "Super Deduction". The Directors of the Company consider the eligibility of the PRC subsidiaries and recognise the additional tax deduction for the years ended 31 December 2024 and 2023.

No provision for tax in the PRC has been made during the Reporting Period since no assessable profits has been generated by the subsidiaries operating in the Mainland China.

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the first 2 million Hong Kong dollars ("HKD") of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HKD2 million will be taxed at 16.5%.

During the years ended 31 December 2024 and 2023, one of the Group's subsidiaries in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the years ended 31 December 2024 and 2023.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax		
The PRC corporate income tax	–	1,123
Hong Kong profits tax	<u>44</u>	<u>318</u>
	44	1,441
(Over)/Under-provision in prior years		
Hong Kong profits tax	<u>(72)</u>	<u>2</u>
	18	(17)
Deferred tax		
	<u>18</u>	<u>(17)</u>
Income tax (credit)/expenses	<u><u>(10)</u></u>	<u><u>1,426</u></u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before income tax	<u>(12,763)</u>	<u>(8,665)</u>
Tax calculated at tax rates applicable to the respective subsidiaries	(2,378)	(759)
Tax effect of:		
Income not subject tax	(480)	(447)
Expense not deductible for tax purpose	2,148	772
Unrecognised temporary differences	377	1,199
(Over)/under-provision in prior years	(72)	2
Tax loss not recognised (<i>Note (a)</i>)	1,406	1,641
Super deductions from research and development expenditure (<i>Note (b)</i>)	<u>(1,011)</u>	<u>(982)</u>
Income tax (credit)/expenses	<u>(10)</u>	<u>1,426</u>

Notes:

- (a) At 31 December 2024, the Group did not recognise deferred tax assets of approximately RMB3,047,000 (2023: RMB1,641,000) in respect of tax losses amounting to approximately RMB20,315,000 (2023: RMB10,942,000), which is subject to the agreement by the relevant tax authority and could be carried forward to offset future income for a maximum of 5 years from the year in which the tax losses was incurred.
- (b) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

9 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

	2024	2023
Loss for the year attributable to owners of the Company (<i>RMB'000</i>)	(12,753)	(10,091)
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	1,260,000	1,260,000
Basic and diluted loss per share (<i>RMB cents</i>)	<u>(1.01)</u>	<u>(0.80)</u>

There were no differences between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

10 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Sub-total	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023								
Opening net carrying amount	25,951	111,302	1,055	2,958	1,301	142,567	2,555	145,122
Additions	-	925	10	60	458	1,453	4,183	5,636
Depreciation (Note 4)	(2,284)	(11,986)	(299)	(323)	-	(14,892)	(465)	(15,357)
Transfer from construction in progress	659	-	1,004	-	(1,663)	-	-	-
Transfer from investment property	268	-	-	-	-	268	-	268
Impairment loss	-	(7,382)	-	-	-	(7,382)	-	(7,382)
Exchange realignment	-	-	-	-	-	-	53	53
Closing net carrying amount	<u>24,594</u>	<u>92,859</u>	<u>1,770</u>	<u>2,695</u>	<u>96</u>	<u>122,014</u>	<u>6,326</u>	<u>128,340</u>
At 31 December 2023								
Cost	43,705	281,904	5,829	4,118	96	335,652	8,362	344,014
Accumulated depreciation and impairment	(19,111)	(189,045)	(4,059)	(1,423)	-	(213,638)	(2,036)	(215,674)
Net carrying amount	<u>24,594</u>	<u>92,859</u>	<u>1,770</u>	<u>2,695</u>	<u>96</u>	<u>122,014</u>	<u>6,326</u>	<u>128,340</u>
Year ended 31 December 2024								
Opening net carrying amount	24,594	92,859	1,770	2,695	96	122,014	6,326	128,340
Additions	-	983	217	455	-	1,655	3,860	5,515
Depreciation (Note 4)	(1,908)	(9,133)	(326)	(429)	-	(11,796)	(1,555)	(13,351)
Transfer from construction in progress	-	96	-	-	(96)	-	-	-
Disposal	-	(13)	-	-	-	(13)	-	(13)
Impairment loss	-	(1,642)	-	-	-	(1,642)	-	(1,642)
Exchange realignment	-	-	-	-	-	-	107	107
Closing net carrying amount	<u>22,686</u>	<u>83,150</u>	<u>1,661</u>	<u>2,721</u>	<u>-</u>	<u>110,218</u>	<u>8,738</u>	<u>118,956</u>
At 31 December 2024								
Cost	43,705	281,082	6,046	4,573	-	335,406	12,354	347,760
Accumulated depreciation and impairment	(21,019)	(197,932)	(4,385)	(1,852)	-	(225,188)	(3,616)	(228,804)
Net carrying amount	<u>22,686</u>	<u>83,150</u>	<u>1,661</u>	<u>2,721</u>	<u>-</u>	<u>110,218</u>	<u>8,738</u>	<u>118,956</u>

During the years ended 31 December 2024 and 2023, depreciation expenses have been charged in cost of sales, selling and distribution expenses and administrative expenses as below:

	2024 RMB'000	2023 <i>RMB'000</i>
Cost of sales	10,485	14,104
Selling and distribution expenses	2	6
Administrative expenses	2,864	1,247
	13,351	15,357

In view of the business performance fell below management's expectation (2023: continuance drop in revenue) in respect of the manufacturing of lace and provision of dyeing services (the “**Lace and Dyeing Business**”) during the current period, the management of the Group identified the existence of an impairment indication on the property, plant and equipment and right-of-use assets of Lace and Dyeing Business (the “**Non-current Assets**”). The management of the Group engaged an independent professional valuer to assess the recoverable amount of the Non-current Assets, which are determined based on the value in use (“**VIU**”) of the Lace and Dyeing Business to which the Non-current Assets relate.

The management of the Group estimated the recoverable amount of the Non-current Assets with reference to the VIU calculation using cash flow projection of Lace and Dyeing Business. The VIU calculation uses cash flow projections based on financial budgets approved by the Directors of the Company covering a 5-year period. Cash flow beyond the 5-year period has been extrapolated using a long-term growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Based on the impairment review performed by the management of the Group with reference to the VIU calculation conducted by an independent professional valuer, the recoverable amount of Non-current Assets of approximately RMB104,213,000 (2023: RMB121,000,000) was lower than its carrying amount at 31 December 2024 and therefore, an impairment loss of approximately RMB1,642,000 (2023: RMB7,382,000) was recognised for the year ended 31 December 2024.

11. INTEREST IN A JOINT VENTURE

	2024 RMB'000	2023 <i>RMB'000</i>
Unlisted shares, at cost	*–	–
Loan to a joint venture	32,410	–
	32,410	–

* represents amount less than RMB1,000

Details of the joint venture at the end of the Reporting Period are as follows:

Name of joint venture	Principal place of business and place of incorporation	Class of shares held	Proportion of value of issued capital held by the Company		Principal activities
			Directly	Indirectly	
Star Power Development Limited (“Star Power”)	Hong Kong	Ordinary	–	50%	Events management

The above joint venture is accounted for using the equity method in the consolidated financial statements.

Relationship with joint venture

On 25 October 2024, Circle Time Limited (“**Circle Time**”), a wholly-owned subsidiary of the Company, and Asia Partners IFBD Limited (“**Asia Partners**”), an independent third party incorporated in Hong Kong which is the rightful owner of the rights pertaining to the museum brand of an iconic Portuguese footballer, Mr. Cristiano Ronaldo dos Santos Aveiro (the “**Player**”) and its relevant merchandises in Hong Kong, entered into a joint venture agreement in respect of the formation of the joint venture to collaborate on hosting events which involve the organisation and development of a travelling exhibition in Hong Kong for the museum brand of the Player.

On 25 October 2024, Circle Time entered into a loan agreement with Star Power. Pursuant to the loan agreement, Circle Time has committed to providing the loan facility of not more than HKD70,000,000 (equivalent to approximately RMB64,820,000) for the working capital of Star Power. The loan is denominated in HKD, unsecured and interest-free. Repayment of any amount of the loan is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits.

Arrangements with joint venture partners

Pursuant to the joint venture agreement, the board of Star Power shall consist of two directors, with one director to be appointed by Asia Partners and one director to be appointed by Circle Time. All decisions relating to the event, including but not limited to the budget plan for the event, the use of funds and entering into any agreement with any third parties, shall be made by the mutual approval of two directors.

Fair value of investments

At the end of the Reporting Period, the Group’s joint venture is a private company and there was no quoted market price available for the investment.

Financial information of the joint venture

Summarised financial information of the joint venture of the Group is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

At 31 December 2024	<i>RMB'000</i>
<i>Gross amount</i>	
Current assets	32,216
Current liabilities	<u>(32,416)</u>
Net Liabilities	<u>(200)</u>
Included in above:	
Cash and cash equivalents	13,697
Current financial liabilities	<u>(32,416)</u>
<i>Reconciliation</i>	
Gross amount of deficit	<u>(200)</u>
Group's ownership interests	<u>50%</u>
Group's voting rights	<u>50%</u>
Group's share of deficit	<u>(100)</u>
	Star Power
Period from 25 October 2024 to 31 December 2024	<i>RMB'000</i>
Loss for the period	(196)
Other comprehensive loss	<u>(4)</u>
Total comprehensive loss	<u>(200)</u>
Group's ownership interests	<u>50%</u>
Group's share of (<i>Note</i>):	
Loss for the period	(98)
Other comprehensive loss	<u>(2)</u>
Total comprehensive loss	<u>(100)</u>

Unrecognised share of loss of the joint venture

The unrecognised share of loss of the joint venture for the current period and cumulatively up to the end of the Reporting Period amounted to approximately RMB100,000 (2023: Nil) and approximately RMB100,000 (2023: Nil), respectively.

Commitments

The Group has the following unrecognised commitments relating to its interest in a joint venture.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Commitments to contribute funding or resources for:		
Financial support if called	<u>32,410</u>	<u>–</u>

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current portion		
Prepayments to suppliers	519	1,378
Other prepayments	501	568
Other deposit (<i>Note (a)</i>)	14,018	–
Other receivables	2,588	89
Deposits	505	233
Other tax receivables	1,001	580
Amount due from a related company (<i>Note (b)</i>)	<u>–</u>	<u>96</u>
	<u>19,132</u>	<u>2,944</u>
Non-current portion		
Prepayments of acquisition of property, plant and equipment	<u>–</u>	<u>121</u>

Note (a):

The Group has provided a deposit of approximately RMB14,018,000 for intellectual property (“IP”) merchandising business opportunity. The Group’s ultimate holding company has fully undertaken the amount and agreed to indemnify against any losses related to the deposit which is denominated in Euro (“EUR”).

Note (b):

The amount due from a related company was unsecured, interest free and repayable on demand.

At 31 December 2024 and 2023, the carrying amounts of prepayments, deposits and other receivables approximated their fair values.

The carrying amounts of the Group's prepayments, deposits and other receivables were denominated in the following currencies:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
RMB	1,852	2,547
HKD	3,262	518
EUR	<u>14,018</u>	<u>–</u>
	<u>19,132</u>	<u>3,065</u>

13 INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	10,928	10,822
Less: Allowance on inventories	<u>(5,636)</u>	<u>(4,521)</u>
	<u>5,292</u>	<u>6,301</u>

Allowance on inventories amounting to approximately RMB1,115,000 (2023: RMB1,456,000) was recognised in the consolidated income statement and included in cost of sales for the year ended 31 December 2024.

14 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract assets	4,724	6,906
Less: Loss allowance on contract assets	<u>(47)</u>	<u>(52)</u>
Contract assets, net	----- <u>4,677</u> -----	----- <u>6,854</u> -----
Trade receivables	73,994	81,377
Bills receivables	353	180
Less: Loss allowance on trade receivables	<u>(2,343)</u>	<u>(3,372)</u>
Trade and bills receivables, net	----- <u>72,004</u> -----	----- <u>78,185</u> -----
	<u>76,681</u>	<u>85,039</u>

Contract assets represent the Group's rights to consideration for work completed but unbilled for its business. The contract assets are transferred to trade receivables when the rights become unconditional, which generally takes one to three months. The balances of contract assets fluctuated from year-to-year during the years ended 31 December 2024 and 2023 as the Group provided varying amount of goods or services that were unbilled before the year-ends.

At 31 December 2024 and 2023, the carrying amounts of contract assets, trade and bills receivables approximated their fair values.

The Group grants credit up to 90 days (2023: up to 90 days) upon issuance of invoice.

Movements on the Group's loss allowance on contract assets are as follows:

	2024	2023
	RMB'000	RMB'000
At 1 January	52	28
Loss allowance on a collective basis	29	34
Reversal of loss allowance	<u>(34)</u>	<u>(10)</u>
At 31 December	<u><u>47</u></u>	<u><u>52</u></u>

Movements on the Group's loss allowance on trade receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At 1 January	3,372	3,397
Loss allowance on a collective basis	29	367
Reversal of loss allowance	<u>(1,058)</u>	<u>(392)</u>
At 31 December	<u><u>2,343</u></u>	<u><u>3,372</u></u>

At 31 December 2024 and 2023, the ageing analysis of trade and bills receivables, based on invoice date, was as follows:

	2024	2023
	RMB'000	RMB'000
1 to 3 months	71,504	78,737
Over 3 months	<u>2,843</u>	<u>2,820</u>
	74,347	81,557
Less: Loss allowance on trade receivables	<u>(2,343)</u>	<u>(3,372)</u>
	<u><u>72,004</u></u>	<u><u>78,185</u></u>

The carrying amounts of the Group’s contract assets, trade and bills receivables were denominated in the following currencies:

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
RMB	12,200	12,988
United States dollar (“USD”)	<u>64,481</u>	<u>72,051</u>
	<u><u>76,681</u></u>	<u><u>85,039</u></u>

The maximum exposure to credit risk at 31 December 2024 and 2023 was the carrying value of the receivables and contract assets mentioned above. The Group did not hold any collateral as security.

15 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Current portion		
Payables for acquisition of property, plant and equipment	2,413	2,743
Commission payables	3,761	10,816
Other payables	1,843	693
Accruals for auditors’ remuneration	1,018	909
Accruals for employee benefit expenses	3,422	3,479
Accruals for professional fees	295	222
Other accruals	432	482
Deposits received from customers	<u>221</u>	<u>533</u>
	13,405	19,877
Contract liabilities	<u>1,147</u>	<u>220</u>
	<u><u>14,552</u></u>	<u><u>20,097</u></u>
Non-current portion		
Other payables	<u>1,321</u>	<u>1,373</u>

At 31 December 2024 and 2023, the carrying amounts of the Group’s other payables and accruals approximated their fair values.

The carrying amounts of the Group’s contract liabilities, other payables and accruals were denominated in the following currencies:

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
RMB	9,113	8,644
HKD	<u>6,760</u>	<u>12,826</u>
	<u><u>15,873</u></u>	<u><u>21,470</u></u>

16 TRADE AND BILLS PAYABLES

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade and bills payables			
Trade payables			
To related parties		269	8,341
To third parties		<u>80,633</u>	<u>100,452</u>
	(a)	80,902	108,793
Bills payables	(b)	<u>28,667</u>	<u>–</u>
		<u>109,569</u>	<u>108,793</u>

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

(a) Trade payables

The trade payables are interest free and with normal credit terms up to 30 days (2023: up to 30 days).

(b) Bills payables

At 31 December 2024, the bills payables with maturity date within one year carry fixed interest rate at 1.9% (2023: N/A) per annum. The bills payables are guaranteed by a related party which the family members of the Directors of the Company have control and/or significant influence over the related company.

At 31 December 2024 and 2023, the ageing analysis of trade and bills payables, based on invoice/issue date, was as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
1 to 3 months	107,948	107,210
Over 3 months	<u>1,621</u>	<u>1,583</u>
	<u>109,569</u>	<u>108,793</u>

The carrying amounts of the Group's trade and bills payables were denominated in the following currencies:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
RMB	60,380	35,447
USD	<u>49,189</u>	<u>73,346</u>
	<u>109,569</u>	<u>108,793</u>

17 INTEREST-BEARING BORROWING

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest-bearing borrowing – unsecured		
– Within one year	<u>–</u>	<u>33,440</u>

At 31 December 2023, the unsecured interest-bearing borrowing was wholly repayable within six months since its inception and arranged at fixed rate per annum of 8.0%. The unsecured borrowing was borrowed from a financial institution which was an independent third party.

18 LOANS FROM ULTIMATE HOLDING COMPANY

At 31 December 2024, balances amounting to RMB50,138,000 are unsecured, fixed interest rate at 6.5% per annum and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand. The amounts represent advances to the Group for its working capital requirements.

At 31 December 2024, the loans from ultimate holding company are denominated in HKD, except for the amount of RMB14,018,000 (2023: Nil) which is denominated in EUR.

At 31 December 2023, the loans from ultimate holding company are unsecured, interest free, repayable on demand and denominated in HKD.

The carrying amount of the loan from ultimate holding company approximated its fair value.

19 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a long-established lace manufacturer and dyeing service provider. We are primarily engaged in manufacturing and sales of lace to our customers to produce branded lingerie products on order-by-order basis. For our dyeing services, our customers are mainly lace and swimwear manufacturers who would provide us with their own lace and swimwear fabrics to dye before further fabrication. We are also engaged in footwear business, including design, research and development, sourcing, merchandising, quality control and sales of shoes. Revenue from footwear business segment increased significantly during the Reporting Period, which accounted for approximately 86.4% of the total revenue of the Group (2023: approximately 76.7%).

During the Reporting Period, the market economy remained uncertain such as sustained high-interest scenario, geopolitical tensions, weakening consumer confidence and increasing international trade barrier. China's economy has progressively stabilized and demonstrated signs of enhancement, yet the recovery is not as vigorous as anticipated. The Group's lace manufacturing and dyeing business inevitably experienced a certain degree of impact from the market conditions. However, the Group's footwear business benefited from higher volume of orders placed by an international customer, offsetting the trough of the lace manufacturing and dyeing business.

We recorded revenue of approximately RMB584.5 million for the Reporting Period, representing an increase of approximately 84.2% from approximately RMB317.4 million for the FY2023. The Group's gross profit has been improved significantly from RMB23.8 million in the FY2023 to RMB57.5 million in the Reporting Period. Net loss attributable to owners of the Company of approximately RMB12.8 million was recorded for the Reporting Period, representing an increase of approximately 26.4% from approximately RMB10.1 million for the FY2023.

OUTLOOK AND BUSINESS STRATEGY

In the medium to long term, heightened environmental awareness and the steadfast pursuit of dual-carbon objectives are expected to drive increasingly stringent regulatory measures. The 2024 introduction of key policies – including the Action Plan for Energy Conservation and Carbon Reduction (2024-25), Guidelines to Comprehensively Promote the Development of a “Beautiful China”, and the Comprehensive Implementation Plan for the Pollutant Discharge Permit System – has significantly elevated environmental compliance requirements across industries.

Facing these evolving regulatory pressures, the Group recognizes the challenges confronting its lace manufacturing and dyeing operations. To mitigate risks while maintaining operational viability, the Group is evaluating solutions that achieve both environmental compliance and cost efficiency. Concurrently, given the strong growth trajectory of the footwear segment, the Group has initiated a strategic reallocation of resources, gradually reducing further resources in lace manufacturing and dyeing operations. This rebalancing aligns with market demand trends and strengthens the Group’s competitive position, with anticipated benefits to earnings quality and overall financial performance.

The imposition of additional United States (“U.S.”) tariffs on Chinese imports has prompted the Group to implement proactive trade strategy adjustments. While anticipating some order attrition in the coming year, the Group is engaged in active negotiations with customers and suppliers to develop mutually beneficial solutions. To reduce geographic concentration risk, the Group is establishing manufacturing partnerships in Southeast Asia, which remains unaffected by the new tariff regime.

Complementing these efforts, the Group is expanding into domestic consumption channels through IP-driven merchandising. Advanced discussions are underway with several prominent IP holders to establish long-term collaborations that will enhance product differentiation and brand equity. Recognizing fundamental shifts in global trade patterns, the Group is strengthening its digital distribution capabilities to better position itself within the evolving commercial landscape.

As previously disclosed, the Group will host the CR7[®] LIFE Museum Hong Kong at K11 MUSEA commencing July 2025. The preparatory work is currently progressing as planned, and ticket presales are currently available through major platforms. The Group firmly believes that the CR7[®] LIFE Museum Hong Kong will establish itself as a world-class sporting and cultural landmark event, making significant contributions to the development of Hong Kong’s sports tourism and cultural sectors. Citizens and visitors are cordially invited to actively participate in and witness this historic occasion together.

Going forward, the Group will maintain disciplined capital allocation while identifying value-accretive growth opportunities. Operational priorities include continuous improvement of production efficiency, rigorous cost management, full compliance with environmental regulations, and enhancement of research and development capabilities alongside quality control systems. These initiatives collectively support the Group's objectives of sustainable value creation for its shareholders and long-term competitiveness.

FINANCIAL REVIEW

Revenue

The Group derives its revenue from (i) dyeing services; (ii) manufacturing and sales of lace; and (iii) footwear business. The revenue from footwear business maintains a significant growth in the Reporting Period.

Revenue by product types

Breakdown of the Group's revenue by product types is as follows:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Dyeing	<u>64,932</u>	<u>11.1</u>	<u>53,287</u>	<u>16.8</u>
Lace				
– High density	<u>10,210</u>	<u>1.8</u>	<u>15,968</u>	<u>5.0</u>
– Regular density	<u>4,211</u>	<u>0.7</u>	<u>4,722</u>	<u>1.5</u>
Sub-total	<u>14,421</u>	<u>2.5</u>	<u>20,690</u>	<u>6.5</u>
Footwear	<u>505,188</u>	<u>86.4</u>	<u>243,376</u>	<u>76.7</u>
Total	<u><u>584,541</u></u>	<u><u>100.0</u></u>	<u><u>317,353</u></u>	<u><u>100.0</u></u>

Revenue by operating geographical location

Breakdown of the Group's revenue by operating geographical location is as follows:

	Year ended 31 December			
	2024		2023	
	RMB'000	% of revenue	RMB'000	% of revenue
Mainland China and Hong Kong	<u>584,541</u>	<u>100.0</u>	<u>317,353</u>	<u>100.0</u>

Dyeing

As mentioned earlier, the pace of market recovery has not met expectation. Although there has been an increase in customer orders during the Reporting Period, the demand of orders have still not yet returned to pre-pandemic levels. The Group's dyeing revenue increased by approximately 21.9% from approximately RMB53.3 million for the FY2023 to approximately RMB64.9 million for the Reporting Period, primarily attributable to the increase in orders from customers.

Lace

The Group's lace products are classified into (i) regular density lace and (ii) high density lace. The lace revenue decreased by approximately 30.3% from approximately RMB20.7 million for the FY2023 to approximately RMB14.4 million for the Reporting Period for the reasons of intensive competition resulting in decrease of orders from customers.

Footwear

The Group recorded revenue from footwear business of approximately RMB505.2 million for the Reporting Period, representing an increase of approximately 107.6% from approximately RMB243.4 million for the FY2023.

Gross profit

The Group recorded a gross profit of approximately RMB57.5 million for the Reporting Period representing an increase of approximately 141.1% from approximately RMB23.8 million for the FY2023, primary attributable to the considerable growth in footwear business.

Other income

Other income decreased by approximately 59.2% from approximately RMB4.4 million for the FY2023 to approximately RMB1.8 million for the Reporting Period, primarily attributable to the decrease in the government grants.

Other gains, net

Other gains, net for the Reporting Period of approximately RMB2.1 million decreased by approximately 14.7% from approximately RMB2.5 million for the FY2023 mainly represented exchange differences arising from translation of the Group's sales, assets and liabilities denominated in foreign currencies other than the functional currency of respective entities.

Selling and distribution expenses

Selling and distribution expenses primarily consist of packaging expenses, commission and staff cost in relation to sales and marketing staff. Selling and distribution expenses increased of approximately 1.1 times from approximately RMB16.2 million for the FY2023 to approximately RMB34.2 million for the Reporting Period, mainly contributed by the increase in commission expenses which was in line with the increase in revenue from footwear business.

Administrative expenses

Administrative expenses mainly consist of employment benefit expenses, professional fee, utilities, and office expenses. Administrative expenses increased of approximately 1.2 times from approximately RMB17.8 million for the FY2023 to approximately RMB39.5 million for the Reporting Period mainly due to the increase in staff costs due to the increased average headcounts.

Impairment loss on property, plant and equipment

The Group recorded an impairment loss on property, plant and equipment of approximately RMB1.6 million (2023: RMB7.4 million) for the Reporting Period mainly due to the impairment assessment result triggered by the business performance of the Lace and Dyeing Business falling below management's expectation.

Finance income, net

Net finance income decreased from approximately RMB2.0 million for the FY2023 to approximately RMB0.2 million for the Reporting Period, primarily attributable to the increase in interest expenses on interest-bearing borrowing.

Taxation

Fujian Deyun Technology Co., Ltd.* (福建德運科技有限公司), which engaged in dyeing and lace business of the Group, is recognised as a High and New Technology Enterprise* (高新技術企業) and therefore entitled to a preferential tax rate of 15% for the FY2023 and for the Reporting Period. During the Reporting Period, Hong Kong profits tax has been provided at the rate of 8.25% to 16.5% on the estimated assessable profits. The income tax credit of the Group for the Reporting Period was approximately RMB10,000, as compared to the income tax expenses of approximately RMB1.4 million for the FY2023, mainly due to the loss-making position in the PRC and over-provision in Hong Kong profits tax.

Net loss for the year

As a result of the above factors, the Group recorded a net loss of approximately RMB12.8 million for the Reporting Period as compared to a net loss of approximately RMB10.1 million for FY2023.

Dividend

The Board does not recommend the payment of dividend for the Reporting Period (2023: nil).

LIQUIDITY, CAPITAL RESOURCES AND GEARING

Net current assets

The Group had net current assets of approximately RMB158.3 million at 31 December 2024 (2023: RMB191.4 million). The current ratio of the Group decreased from approximately 2.1 times at 31 December 2023 to approximately 1.9 times at 31 December 2024. The decrease in net current assets and current ratio at 31 December 2024 was primarily attributable to the overall impact on (i) the decrease of cash and cash equivalents, (ii) the decrease in interest-bearing borrowing and (iii) the increase in loans from ultimate holding company.

Cash and cash equivalents, borrowings and pledge of assets

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from listing. The Group will adjust its mix of funding mix depending on the costs of funding and its actual needs.

At 31 December 2024, the Group had cash and cash equivalents of approximately RMB231.9 million (2023: RMB269.0 million) and they were denominated in RMB, USD and HKD.

* For identification purpose only

At 31 December 2024, the Group had borrowings of approximately RMB52.3 million (2023: RMB36.9 million).

At 31 December 2024 and 2023, the Group had no undrawn banking facilities.

At 31 December 2024 and 2023, the Group did not have any assets pledged as securities.

Gearing ratio

At 31 December 2024, the Group had a gearing ratio of 0.2 (2023: 0.1), calculated by dividing total debt (borrowings and lease liabilities) by total equity.

Capital structure

At 31 December 2024, the Company's issued share capital was HKD12,600,000 and the number of issued shares of the Company was 1,260,000,000 ordinary shares of HKD0.01 each.

Capital expenditure

For the Reporting Period, the Group incurred cash flows on capital expenditures for the purchase of properties, plant and equipment and intangible assets in the amount of approximately RMB1.7 million (2023: RMB1.5 million).

Foreign exchange risks and hedging

The majority of assets and liabilities of the Group are denominated in RMB, USD and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the respective functional currencies of the Group's entities. During the Reporting Period, the Group did not hedge its foreign currency exposure. The Group regularly monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

At 31 December 2024, the Group had capital commitments of approximately RMB32.4 million (2023: Nil) and RMB0.1 million (2023: RMB0.2 million) in relation to the financial support to the joint venture and purchase of properties, plant and equipment respectively.

CONTINGENT LIABILITIES

At 31 December 2024 and 2023, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

The Group's employees are generally remunerated by way of fixed salary and they may also be entitled to a number of welfare benefits, including but not limited to job-nature based subsidy, performance-based bonus, paid leave and share options. The Group also make contributions to mandatory social security funds for its employees. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings.

At 31 December 2024, the Group had 512 employees (2023: 527 employees) and the Group's total employee benefit expenses (including Directors' emoluments) for the Reporting Period amounted to approximately RMB54.0 million (2023: RMB36.4 million).

DEFINED CONTRIBUTION SCHEMES

The employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme operated by the PRC government (the "**Retirement Benefit Scheme**"). The Group is required to contribute a certain percentage of basic payroll costs to the Retirement Benefit Scheme.

The Group joined a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The Group's contributions to the Retirement Benefit Scheme and the MPF Scheme (the "**Defined Contribution Schemes**") vest fully and immediately with the employees. Accordingly, (i) for the Reporting Period, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes at 31 December 2024. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

On 25 October 2024, Asia Partners and Star Power entered into a subscription agreement, pursuant to which Asia Partners agreed to subscribe for and Star Power agreed to issue and allot 100 ordinary shares of Star Power (the “**Subscription agreement**”), representing 50% of the enlarged issued shares of Star Power at a subscription price of HK\$100. At 31 December 2024, the equity interest in Star Power is owned as to 50% by Circle Time and as to 50% by Asia Partners. Star Power is recognised as a joint venture of the Group.

The Group shall provide not more than HKD70.0 million (equivalent to approximately RMB64.8 million) shareholder loans to Star Power for the setup and operation of the CR7[®] LIFE Museum Hong Kong. At 31 December 2024, the Group has provided a shareholder loan of HKD35.0 million (equivalent to approximately RMB32.4 million) to Star Power in accordance with the subscription agreement and actual needs. Since the event is still at the beginning stage, Star Power has not yet met the conditions for repayment of the shareholder loan.

For further details, please refer to the announcements of the Company dated 2 October 2024, 28 October 2024 and 6 November 2024.

Save as disclosed herein, the Group did not have any significant investments, material acquisitions and disposals during the Reporting Period.

FUTURE PLANS FOR MAJOR INVESTMENT

The Group had no specific plan for major investment or acquisition for major capital assets or other businesses at the date of this announcement. However, the Group will continue to identify new opportunities for business development.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the initial public offering (the “**IPO**”), after deducting underwriting commissions and other relevant expenses, amounted to approximately HKD85.6 million. As disclosed in the Company’s announcement dated 28 August 2024, having carefully considered the latest business environment and development needs of the Group, the Board had resolved to change the proposed use of the unutilised net proceeds of approximately HKD16.9 million for repayment of interest-bearing borrowing. At 31 December 2024, the net proceeds from the IPO had been applied as follows:

Planned use of net proceeds	Planned use of net proceeds <i>HKD million</i>	Unused net proceeds at 1 January 2024 <i>HKD million</i>	Re-allocation of	Net proceeds used for the Reporting Period <i>HKD million</i>	Net proceeds used at 31 December 2024 <i>HKD million</i>
			the Unutilized Net Proceeds at 28 August 2024 <i>HKD million</i>		
Expand dyeing service capacity and enhance efficiency by way of upgrading, replacing and acquiring machineries and facilities	49.9	11.2	-	-	38.7
Strengthen research and development capability and quality control for dyeing services	3.4	-	-	-	3.4
Replace a coal-burning-boiler by a natural-gas-boiler	13.6	5.7	-	-	7.9
Expand integrated enterprise planning resource system	0.9	-	-	-	0.9
Repayment of bank loan and interest-bearing borrowing	9.5	-	16.9	16.9	26.4
General working capital	8.3	-	-	-	8.3
	<u>85.6</u>	<u>16.9</u>	<u>16.9</u>	<u>16.9</u>	<u>85.6</u>

All the proceeds from the IPO have been fully utilised at 31 December 2024.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 16 December 2020 (the “**Adoption Date**”), which became effective on 13 January 2021. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants, including any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group; and to promote the success of the business of the Group.

The Share Option Scheme remains valid for a period of ten years commencing on the Adoption Date. As of 31 December 2024 and the date of this announcement, no share options had been granted or agreed to be granted under the Share Option Scheme. As a result, the total number of shares available for issue under the Share Option Scheme at the date of this announcement was 126,000,000, representing 10% of the issued share capital of the Company at the Adoption Date.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the shareholders’ eligibility to attend and vote at the forthcoming annual general meeting to be held on 23 May 2025 (Friday), the register of members of the Company will be closed from 20 May 2025 (Tuesday) to 23 May 2025 (Friday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 19 May 2025 (Monday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong before 4:30 p.m. on 19 May 2025 (Monday).

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules. The Company has complied with the code provisions set out in the CG Code for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

AUDIT COMMITTEE

The Group established an audit committee (the “**Audit Committee**”) on 16 December 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code as set forth in Appendix C1 to the Listing Rules. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chow Kit Ting (Chairman), Dr. Chiu Kwok Hung, Justin and Mr. Mak Ming Hoi.

The Audit Committee has reviewed with the management of the Company the consolidated financial statements of the Company for the Reporting Period, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group’s auditor, Forvis Mazars CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars CPA Limited in this announcement.

EVENT AFTER THE REPORTING PERIOD

The Group does not have any important events after the Reporting Period and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.starshineholdings.com). The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, suppliers, bankers and other business associates for their trust and support.

II. CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

The Board announces that Ms. Tsoi Lam Ki, currently an executive Director, and Mr. Chow Kit Ting, currently an independent non-executive Director, have been appointed as members of the Nomination Committee of the Company with effect from 28 March 2025.

By order of the Board
STAR SHINE HOLDINGS GROUP LIMITED
Tsoi Wing Sing
Chairman

Hong Kong, 28 March 2025

As of the date of this announcement, the Board comprises of Mr. Tsoi Wing Sing, Mr. Lin Minqiang, Mr. Larry Stuart Torchin, and Ms. Tsoi Lam Ki as executive Directors, and Mr. Chow Kit Ting, Dr. Chiu Kwok Hung, Justin, and Mr. Mak Ming Hoi as independent non-executive Directors.