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GILSTON GROUP LIMITED

進騰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2025	2024	
	HK\$'000	HK\$'000	change
	(unaudited)	(unaudited)	+ / (-)
Revenue	194,615	160,386	21.3%
Gross profit	99,349	88,910	11.7%
Gross profit margin	51.0%	55.4%	(7.9%)
Profit for the period	30,882	10,533	193.2%
Attributable to equity shareholders of the Company			
Profit for the period	26,372	10,846	143.1%
Basic earnings per share (HK cents)	4.6	1.9	142.1%
Diluted earnings per share (HK cents)	4.5	1.8	150.0%
As at			
	30 June	31 December	
	2025	2024	
	HK\$'000	HK\$'000	change
	(unaudited)	(audited)	+ / (-)
Total assets	597,064	551,788	8.2%
Cash and cash equivalents	120,585	141,480	(14.8%)
Total equity attributable to equity shareholders of the Company	213,826	180,866	18.2%

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025	2024
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	194,615	160,386
Cost of sales		<u>(95,266)</u>	<u>(71,476)</u>
Gross profit		99,349	88,910
Other revenue and (losses)/gains, net	6(b)	3,232	(4,186)
Distribution costs		(13,350)	(10,971)
Administrative expenses		(56,196)	(47,715)
Interests on lease liabilities		(2,213)	(1,952)
Interest on bank borrowing		<u>(2,128)</u>	<u>(4)</u>
Profit before taxation	6	28,694	24,082
Income tax credit/(expense)	7	<u>2,188</u>	<u>(13,549)</u>
Profit for the period		<u>30,882</u>	<u>10,533</u>
Profit for the period attributable to:			
Equity shareholders of the Company		26,372	10,846
Non-controlling interests		<u>4,510</u>	<u>(313)</u>
Profit for the period		<u>30,882</u>	<u>10,533</u>
Earnings per share attributable to the equity shareholders of the Company (HK cents)	8		
Basic		<u>4.6</u>	<u>1.9</u>
Diluted		<u>4.5</u>	<u>1.8</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	30,882	10,533
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in the Mainland China	<u>5,727</u>	<u>(1,949)</u>
Total comprehensive income for the period	<u>36,609</u>	<u>8,584</u>
Attributable to:		
Equity shareholders of the Company	31,674	9,146
Non-controlling interests	<u>4,935</u>	<u>(562)</u>
Total comprehensive income for the period	<u>36,609</u>	<u>8,584</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
	Notes		
Non-current assets			
Property, plant and equipment		65,834	50,903
Right-of-use assets		59,018	64,231
Intangible assets		566	680
Investment properties		–	17,174
Prepayments and rental deposit		172,267	164,749
Deferred tax assets		7,376	7,139
		<u>305,061</u>	<u>304,846</u>
Current assets			
Inventories		38,411	36,393
Trade and other receivables	9	130,947	67,048
Amount due from a related party		2,060	1,991
Cash and cash equivalents		120,585	141,480
		<u>292,003</u>	<u>246,912</u>
Current liabilities			
Trade and other payables	10	128,933	114,904
Tax payable		26,470	34,814
Bank borrowings		27,968	19,082
Lease liabilities		18,284	18,914
		<u>201,655</u>	<u>187,714</u>
Net current assets		<u>90,348</u>	<u>59,198</u>
Total assets less current liabilities		<u>395,409</u>	<u>364,074</u>

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
<i>Notes</i>		
Non-current liabilities		
Bank borrowings	94,325	95,409
Lease liabilities	67,140	72,694
Deferred tax liabilities	3,456	3,378
	<u>164,921</u>	<u>171,481</u>
Net assets	<u>230,488</u>	<u>192,593</u>
Capital and reserves		
Share capital	5,745	5,745
Reserves	208,081	175,121
Total equity attributable to the equity shareholders of the Company	213,826	180,866
Non-controlling interests	<u>16,662</u>	<u>11,727</u>
Total equity	<u>230,488</u>	<u>192,593</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL

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

2 BASIS OF PREPARATION

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

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

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

3 MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are required to be adopted in the 2025 annual financial statements. Details of these changes in accounting policies are set out below.

Overview on changes in accounting policies

The HKICPA has issued an amendment to HKFRSs that are first effective or first time adopted and relevant for the current accounting period of the Group:

Amendments to HKAS 21

Lack of Exchangeability

The new or amended HKFRSs that are effective from 1 January 2025 did not have any significant impact on the Group’s condensed consolidated interim financial statements.

4 SEGMENT REPORTING

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

Since September 2023, the Group commenced a new business on provision of property management service in the Mainland China and it is considered as a new operating and reportable segment by the chief operating decision maker (“CODM”). As such, the Group reorganised its internal reporting structure which resulted in an additional reportable segment i.e. provision of property management services for the period ended 30 June 2023. Information reported to the Group’s senior executive management, being the CODM, for the purposes of resource allocation and assessment, focuses on revenue from these two operating segments.

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

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

(a) Business segments

Information regarding the Group’s reportable segments as provided to the Group’s senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2025 and 2024 is set out below:

	Manufacture and sales of zippers HK\$'000	Property Investment and Provision of Property Management Services HK\$'000	Total HK\$'000
For the period ended 30 June 2025			
Reportable segment revenue	<u>129,011</u>	<u>65,604</u>	<u>194,615</u>
Reportable segment profit	<u>11,137</u>	<u>29,733</u>	<u>40,870</u>
Depreciation for the period	<u>9,680</u>	<u>20,279</u>	<u>29,959</u>
Gain on disposal of property, plant and equipment	<u>(15)</u>	<u>–</u>	<u>(15)</u>
Amortisation for the period	<u>136</u>	<u>–</u>	<u>136</u>
Reportable segment assets at period end	<u>286,912</u>	<u>289,063</u>	<u>575,975</u>

	Manufacture and sales of zippers <i>HK\$'000</i>	Property Investment and Provision of Property Management Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the period ended 30 June 2025			
Additions to non-current segment assets during the period	19,552	447	19,999
Reportable segment liabilities at period end	197,206	137,553	334,759
	Manufacture and sales of zippers <i>HK\$'000</i>	Provision of property management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the period ended 30 June 2024			
Reportable segment revenue	115,115	45,271	160,386
Reportable segment profit	4,189	43,551	47,740
Depreciation for the period	10,360	551	10,911
Loss on disposal of property, plant and equipment	5,783	–	5,783
Amortisation for the period	173	–	173
Reportable segment assets at period end	220,785	81,573	302,358
Additions to non-current segment assets during the period	24,332	1,829	26,161
Reportable segment liabilities at period end	145,998	9,458	155,456

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	194,615	160,386
Elimination of inter-segment revenue	<u>—</u>	<u>—</u>
Consolidated revenue (note 5)	<u>194,615</u>	<u>160,386</u>
Profit before income tax		
Reportable segment profit derived from the Group's external customers	40,870	47,740
Other revenue and (losses)/gains, net	3,232	(4,186)
Interests on lease liabilities	(2,214)	(1,952)
Loan interest expenses	(2,128)	(4)
Share-based payments	(1,285)	(5,525)
Unallocated head office and corporate expenses (note)	<u>(9,781)</u>	<u>(11,991)</u>
Consolidated profit before income tax	<u>28,694</u>	<u>24,082</u>

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

5 REVENUE

The principal activities of the Group are manufacture and sale of zippers, sliders and other related products.

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Sales of goods</i>		
Finished zippers and sliders	125,199	112,753
Others	<u>3,812</u>	<u>2,362</u>
	129,011	115,115
<i>Services income</i>		
Property management fee income	<u>65,604</u>	<u>45,271</u>
	<u>194,615</u>	<u>160,386</u>

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

6 PROFIT BEFORE TAXATION

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

a. Staff costs

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	51,370	54,199
Contributions to defined contribution retirement plans	9,112	4,976
Share-based compensation	1,285	5,525
	<u>61,767</u>	<u>64,700</u>

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	355	141
Losses on disposal of property, plant and equipment	(27)	(5,783)
Government grants	183	158
Net foreign exchange gains	1,480	991
Others	1,241	307
	<u>3,232</u>	<u>(4,186)</u>

c. Other items

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation and amortisation*		
– plant and equipment	6,225	6,012
– intangible assets	136	173
– right-of-use assets	7,198	5,895
– investment properties	17,451	–
	<u>31,010</u>	<u>12,080</u>
Provision for impairment losses on inventories	195	1,980
Cost of services provided	20,223	1,168
Cost of inventories	75,043	70,309
	<u>75,043</u>	<u>70,309</u>

7 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax – PRC corporate income tax	(2,188)	13,699
Deferred taxation	–	(150)
	<u>(2,188)</u>	<u>13,549</u>

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

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025. Diluted earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares in issue during the six months ended 30 June 2025. The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	26,372	10,846
	26,372	10,846
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	574,497,800	572,842,888
Effect of dilutive potential ordinary shares on share options	6,633,384	15,513,355
	581,131,184	588,356,243
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	581,131,184	588,356,243

9 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Within 1 month	46,168	24,060
Over 1 month but within 2 months	31,074	20,174
Over 2 months but within 3 months	12,161	8,902
Over 3 months	9,707	9,970
	<hr/>	<hr/>
Trade debtors and bills receivable, net of loss allowance	99,110	63,106
Unbilled receivables	–	–
	<hr/>	<hr/>
Contract receivables balances	99,110	63,106
	<hr/>	<hr/>
Prepayments relating to:		
– Property, plant and equipment	3,021	1,852
– Investment properties	164,520	159,015
– Other prepayments	30,625	3,106
	<hr/>	<hr/>
	198,166	163,973
	<hr/>	<hr/>
Rental deposits		
– Current portion	–	–
– Non-current portion	3,989	3,882
	<hr/>	<hr/>
	3,989	3,882
	<hr/>	<hr/>
Others	1,949	836
	<hr/>	<hr/>
	303,214	231,797
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
– Current	130,947	67,048
– Non-current	172,267	164,749
	<hr/>	<hr/>
	303,214	231,797
	<hr/> <hr/>	<hr/> <hr/>

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

The Group recognised impairment loss based on the same accounting policies adopted in the 2024 annual financial statements.

10 TRADE AND OTHER PAYABLES

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

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Within 1 month	6,166	4,409
Over 1 month but within 3 months	9,788	6,414
Over 3 months but within 6 months	1,969	697
Over 6 months	828	1,349
	<hr/>	<hr/>
Trade creditors	18,751	12,869
Payroll and staff benefits payable	32,438	33,392
Accrued expenses	19,958	20,613
Payables for purchase of property, plant and equipment	19,010	3,010
Other tax payables	3,450	8,434
Contract liabilities	1,123	986
Compensation received	–	–
Other payables	31,396	2,180
Deposit received	–	31,916
Receipt in advance under HKFRS 16	2,807	1,504
	<hr/>	<hr/>
	128,933	114,904
	<hr/> <hr/>	<hr/> <hr/>

11 DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to operate the zipper and starting from September 2023, the Group commenced to provide property management services. From January 2025, the Group commenced its leasing and subleasing of Jiajinlong Car City Business through completion of share subscription of 90% share capital of Shenzhen Jiajinlong Industrial Development Co., Ltd (深圳市嘉進隆實業發展有限公司).

The Group continued to operate the zipper business during the six months ended 30 June 2025 (the “**Reporting Period**”). The customers in the zipper business are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$26.37 million for the six months ended 30 June 2025, as compared with profit attributable to equity shareholders of the Company of approximately HK\$10.85 million for the same period in 2024. The increase in profit is mainly attributable to, amongst other factors, share of a higher portion of revenue and net profit from direct operation of Jiajinlong Car City through subscription of 90% shares of Shenzhen Jiajinlong Industrial Development Co., Ltd. (深圳市嘉進隆實業發展有限公司) than through management of Jiajinlong Car City through management agreement.

PROSPECTS

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

Property Management Business

Starting from January 2025, the Group managed and operated the Jiajinlong Car City directly through completion of subscription of 90% shares of the subsidiary. Up to the date of this results announcement, the Group is pleased announce that, the use of Land has been extended for maximum 5 years. For details, please refer to the “business update” announcement of the Company dated 29 August 2025. The Group is actively working with the relevant parties including the Lessees with a view to obtaining the approval for renewal of the right to use the Land for a period of 20 years. If the right to use the Land for Jiajinlong Car City is renewed, the Group shall be solely entitled for managing and operating the Jiajinlong Car City.

The Zipper Business

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

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

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

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

FINANCIAL REVIEW

A comparison of the financial results for the six months ended 30 June 2025 and the corresponding period in 2024 is set out as follows:

REVENUE

For the six months ended 30 June 2025, the Group recorded revenue amounting to approximately HK\$194.6 million, representing an increase of approximately 21.3% as compared to the same period in 2024. The increase in revenue was primarily due to the expansion of new property management business that generated considerable revenue to the Group.

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

	Six months ended 30 June			
	2025		2024	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Zipper business	129,011	66.3	115,115	71.8
Property management business	65,604	33.7	45,271	28.2
Total revenue	194,615	100.0	160,386	100.0

Zipper Business

The Group's revenue for the six months ended 30 June 2025 amounted to approximately HK\$129.0 million, representing an increase of approximately 12.1% as compared to the same period in 2024.

EXPENSES AND COSTS

Distribution costs, comprising mainly staff costs, transportation costs and advertising and promotion expenses, increased by approximately 21.7% to approximately HK\$13.4 million for the six months ended 30 June 2025 from approximately HK\$11.0 million for the same period in 2024, which was mainly due to the increase in sales activities and advertisement.

Administrative expenses, consisting primarily of salary and welfare expenses for management and administrative personnel, depreciation and amortisation, professional fees, auditors' remuneration and other administrative expenses, increased by approximately 16.3% to approximately HK\$56.2 million for the six months ended 30 June 2025 from approximately HK\$47.7 million for the same period in 2024, which was mainly due to the consolidation of the property management business since the completion of subscription 90% share capital to Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司).

PROFITABILITY

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$26.4 million for the six months ended 30 June 2025, as compared with a profit attributable to equity shareholders of the Company of approximately HK\$10.8 million for the six months ended 30 June 2024. The profit margin attributable to equity shareholders of the Company was approximately 13.6% for the six months ended 30 June 2025 (2024: 6.8%).

CONNECTED TRANSACTIONS

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

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

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

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

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

- (iii) On 30 December 2022, Mr. Xu Xipeng and Mr. Xu Xinan, connected persons at the subsidiary level of the Company, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the **“Guangdong Lease Renewal Agreement 2022”**) to renew the lease of a plant in Guangdong for a further term of two years commencing from 1 January 2023 to 31 December 2024 for a monthly rental of RMB428,980 payable within the first 10 working days of each month commencing from 1 January 2023.

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's net cash outflow from operating activities for the six months ended 30 June 2025 amounted to approximately HK\$1.4 million (six months ended 30 June 2024: outflow of HK\$10.82 million). Such decrease was mainly attributable to an increase in trade creditors as at 30 June 2025. The Group's net cash outflow from investing activities for the six months ended 30 June 2025 amounted to approximately HK\$20.6 million (six months ended 30 June 2024: HK\$18.50 million). The net cash outflow was mainly attributable to the payment for the purchase of property, plant and equipment. The Group's net cash outflow from financing activities for the six months ended 30 June 2025 amounted to approximately HK\$7.6 million (net cash outflow for the six months ended 30 June 2024: HK\$20.87 million).

As at 30 June 2025, cash and cash equivalents amounted to approximately HK\$120.6 million, representing a decrease of approximately HK\$20.9 million as compared with the position as at 31 December 2024.

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

GEARING RATIO

The Group's gearing ratio was 53.1% (2024: 60.1%) which is calculated using bank borrowings divided by total equity and multiplied by 100%.

BANK BORROWINGS

The Group had bank borrowings of approximately HK\$122.3 million as at 30 June 2025 (2024: approximately HK\$114.49 million). Included in the balance amounting to HK\$19,194,000 (2024: HK\$10,601,000) is unsecured and carries fixed interest at 3.5%. The remaining balance are individual guaranteed by the directors of the subsidiary and related parties of the directors of the subsidiaries and secured by properties owned by the related parties of the directors of the subsidiaries. All the borrowings were denominated in Renminbi.

NET CURRENT ASSETS

As at 30 June 2025, the Group had current assets of approximately HK\$90.3 million. The key components of current assets as at 30 June 2025 included inventories of approximately HK\$38.4 million, trade and other receivables of approximately HK\$125.4 million and cash and cash equivalents of approximately HK\$120.6 million. The key components of current liabilities included trade and other payables of approximately HK\$128.9 million, borrowing of approximately HK\$28.0 million and current portion of lease liabilities of approximately HK\$18.3 million.

The net current assets increased by approximately HK\$31.1 million to HK\$90.3 million as at 30 June 2025 from approximately HK\$59.2 million as at 31 December 2024.

PLEDGED ASSETS

As at 30 June 2025, the Group did not have any pledged assets.

CONTINGENT LIABILITIES

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

Other than the disclosure of above, as at the end of the Reporting Period, the Group was not involved any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2025, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

FOREIGN CURRENCY RISK

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2025.

EMPLOYEES

As at 30 June 2025, the Group had 696 full-time employees (30 June 2024: 753). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2025 were approximately HK\$61.8 million (the six months ended 30 June 2024: approximately HK\$64.70 million). The increase in staff costs is mainly due to the increase in headcount of the workers as a result of the human resources integration and the share-based compensation.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

EVENTS AFTER REPORTING PERIOD

As disclosed in the announcement of the Company dated 30 June 2025, the application procedure for the renewal of the right to use the Land (as defined in circular of the Company dated 25 November 2024) (the “**Circular**”) is still under way and the Group is actively working with the relevant parties including the Lessees with a view to obtaining the approval for the renewal of the right to use the Land for a period of 20 years. The Company was informed by the Lessees (as defined in the Circular) that two supplemental agreements for the Land Entrustment Agreement (as defined in the Circular) were signed between the Lessees and 深圳市南頭街道辦事處, the current competent authority for the management of the right to use the Land, pursuant to which the Lessees is granted a transition period for the right to use the Land until 15 July 2028, and if the formal procedures for renewal of the right to use the Land is not completed by then, such transition period will unconditionally extend to 15 July 2030. On 29 August 2025, a second supplemental entrustment agreement was entered between Shenzhen Daxin, Shenzhen Nantoucheng, Shenzhen Tianxia and Shenzhen Anle 13 (as defined in circular of the Company dated 25 November 2024) as Lessees and Shenzhen Jiajinlong Industrial Development Co., Ltd. (深圳市嘉進隆實業發展有限公司) (i.e. the Target Company (as defined in the Circular) (“**Shenzhen Jiajinlong**”) and Shenzhen Anle Liandui (the “**Second Supplemental Entrustment Agreement**”), pursuant to which, amongst others, that the operation of the Jiajinlong Car City will be extended to 15 July 2030. However, such extension may be affected by the renewal of the right to use the Land. The renewal of the

right to use of the Land is in progress and the Group is actively assisting the Lessees for such renewal. For further details of the Second Supplemental Entrustment Agreement, please refer to the announcement of the Company dated 29 August 2025.

SHARE OPTION SCHEME

The Company adopted a New Share Option Scheme (the “**Scheme**”), which was approved in the Company’s annual general meeting on 30 May 2023 with the view to providing incentives or rewards to the eligible participants for their contribution or potential contribution to the Group.

According to the Scheme, the Board may at its discretion grant share options to employee participants, and for the purposes of the Scheme, the offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified eligible participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable).

In general, the maximum number of shares in respect of which options may be granted under the Scheme and under any other share option scheme or share award scheme of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the adoption date, i.e. 55,776,480 share options.

The maximum total number of Shares which may be issued upon exercise of all share options to be granted under the Scheme has been reached as of 29 November 2023. No share options granted were subsequently cancelled for the six months ended 30 June 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2025, all the provisions set out in the CG Code were met by the Company except for the following:

Code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive Directors were unable to attend the annual general meeting of the Company that was held on 19 June 2025 due to personal reasons.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND RELEVANT EMPLOYEES

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

The Company made specific enquiries to all Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors’ securities transactions throughout the period from 1 January 2025 to 30 June 2025.

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2025.

AUDIT COMMITTEE

The unaudited interim results of the Group for the six months ended 30 June 2025 have been reviewed by the audit committee of the Board.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.irasia.com/listco/hk/gilstongroup/>). The interim report for the six months ended 30 June 2025 will be made available to Shareholders and on the same websites in due course.

DEFINITIONS

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

“Board”	means	the board of Directors
“CG Code”	means	code on corporate governance practices as set out in Appendix C1 to the Listing Rules
“Company”	means	Gilston Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010 and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	means	the director(s) of the Company
“Group”	means	the Company and its subsidiaries
“HK\$” and “HK cents”	means	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Model Code”	means	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“OEM”	means	original equipment manufacturer or manufacturing
“PRC” or “China” or “Mainland China”	means	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means	Renminbi, the lawful currency of the PRC
“SFO”	means	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	means	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means	holder(s) of issued Share(s)
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited

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

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

Hong Kong, 29 August 2025

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