

CROCODILE

2025 Annual Report 年報

Crocodile Garments Limited | 鱷魚恤有限公司



Contents

6	Corporate Profile
7	Corporate Information
8	Chairman's Statement
16	Report of the Directors
33	Corporate Governance Report
63	Independent Auditor's Report
68	Consolidated Statement of Profit or Loss
69	Consolidated Statement of Comprehensive Income
70	Consolidated Statement of Financial Position
72	Consolidated Statement of Changes in Equity
73	Consolidated Statement of Cash Flows
75	Notes to Financial Statements
164	Particulars of Investment Properties

Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

25th Floor, Crocodile Center
79 Hoi Yuen Road
Kwun Tong
Kowloon, Hong Kong

Tel: (852) 2785 3898 **Fax:** (852) 2786 0190

Website: www.crocodile.com.hk

E-mail: corpadmin@crocodile.com.hk

Stock Code on the Hong Kong Stock Exchange: **122**

The C⁺ Edit

CROCODILE





CROCODILE

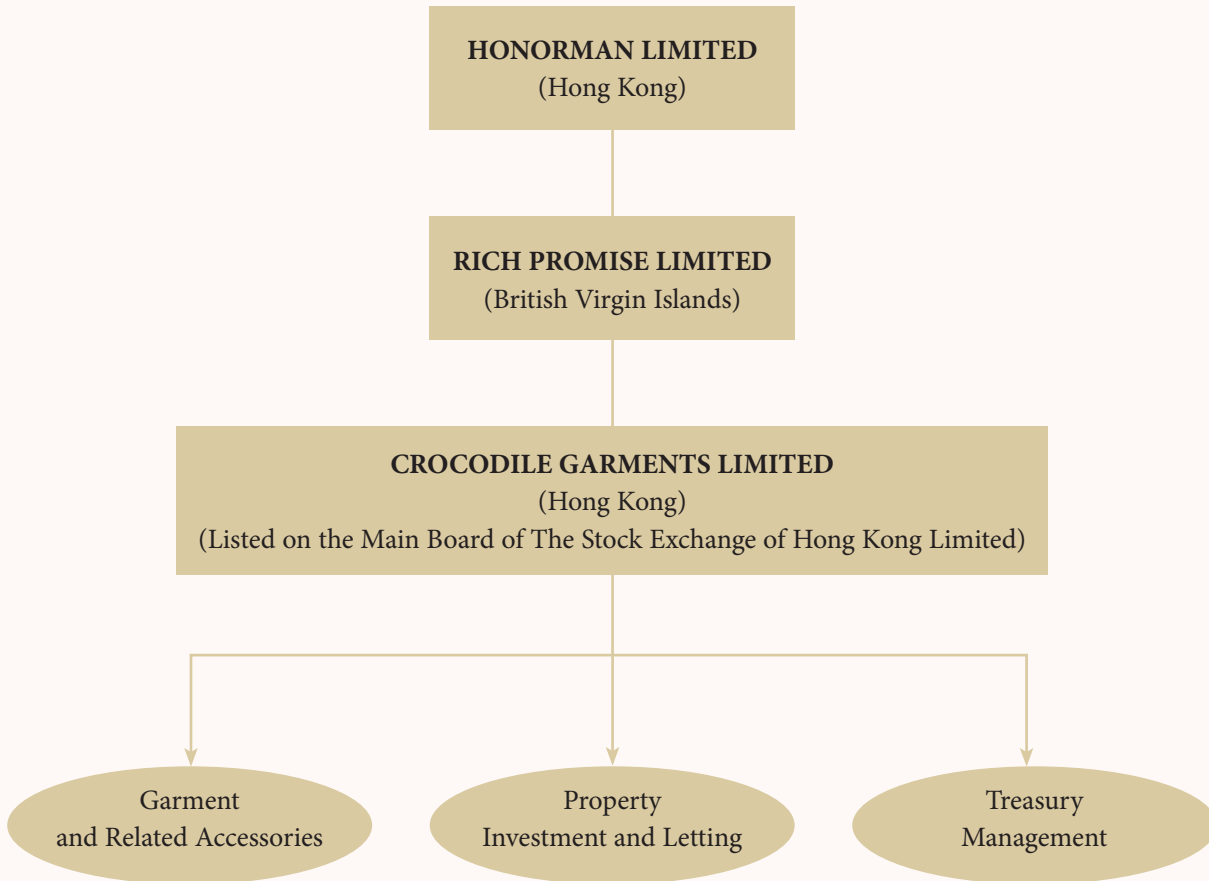


不只是衣服
更是傳承



Corporate Profile

Crocodile Garments Limited was first listed on the Hong Kong Stock Exchange in 1971. It owns several fashion labels and is engaged in the fashion retail in Hong Kong, Macau and Mainland China, as well as property investment and letting in Hong Kong and Mainland China.



6

Details of the substantial shareholders' information are contained on page 28 in this Annual Report.

Corporate Information

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Lam Wai Shan, Vanessa

(Chairman and Chief Executive Officer)

Lee Po On

(Alternate Director to

Ms. Lam Wai Shan, Vanessa)

Lam Kin Hong, Matthew

Non-executive Directors

Chow Bing Chiu

Lam Suk Ying, Diana

Lam Howard

Independent Non-executive Directors

Leung Shu Yin, William *(Deputy Chairman)*

Fung Cheuk Nang, Clement

Woo King Hang

Executive Committee

Lam Wai Shan, Vanessa *(Chairman)*

Chow Bing Chiu

Audit Committee

Leung Shu Yin, William *(Chairman)*

Fung Cheuk Nang, Clement

Woo King Hang

Nomination Committee

Lam Wai Shan, Vanessa *(Chairman)*

Fung Cheuk Nang, Clement

Woo King Hang

Remuneration Committee

Leung Shu Yin, William *(Chairman)*

Lam Wai Shan, Vanessa

Fung Cheuk Nang, Clement

Authorised Representatives

Lam Wai Shan, Vanessa

Hui Mei Yin

Company Secretary

Hui Mei Yin

Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Independent Auditor

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance

Solicitors

Woo Kwan Lee & Lo

Deacons

MinterEllison LLP

Vincent T.K. Cheung, Yap & Co.

Principal Bankers

Hang Seng Bank Limited

DBS Bank (Hong Kong) Limited

Chong Hing Bank Limited

Registered Office Address

25th Floor, Crocodile Center

79 Hoi Yuen Road

Kwun Tong

Kowloon, Hong Kong

Listing Information

Place of Listing

The Main Board of The Stock Exchange of
Hong Kong Limited

Stock Code

122

Board Lot

2,000 shares

Website

www.crocodile.com.hk

Chairman's Statement



Ms. Lam Wai Shan, Vanessa, M.H.
Chairman, Executive Director and Chief Executive Officer

8

On behalf of the board of directors (“**Board**” and “**Directors**”, respectively) of Crocodile Garments Limited (“**Company**”), I would like to present the consolidated financial results of the Company and its subsidiaries (“**Group**”) for the year ended 31 December 2025.

FINANCIAL PERFORMANCE

The financial year end date of the Company has been changed from 31 July to 31 December since the financial period 2023/24 (for details, please refer to the Company’s announcement dated 27 March 2024). This set of results covered the period from 1 January 2025 to 31 December 2025 (“**year ended 31 December 2025**”). It should be noted that the financial data presented herein are being compared with that for the 17 months period from 1 August 2023 to 31 December 2024 (“**period ended 31 December 2024**”). The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

For the year ended 31 December 2025, the Group’s loss attributable to equity shareholders totaled HK\$108 million (Period ended 31 December 2024: loss of HK\$50 million). The loss during the year was mainly due to (i) a revaluation loss of HK\$73 million (Period ended 31 December 2024: loss of HK\$23 million) on the Group’s investment properties, which were non-cash in nature, (ii) fair value losses of interest rate swap arrangements of HK\$10 million (Period ended 31 December 2024: gain of HK\$5 million); and (iii) finance costs of HK\$29 million (Period ended 31 December 2024: HK\$63 million). Despite these losses, the Group’s overall business performance and financial positions remained healthy, as discussed further below.

Chairman's Statement

FINANCIAL PERFORMANCE (continued)

The Group has recorded a revenue of HK\$92 million for the year ended 31 December 2025 (Period ended 31 December 2024: HK\$138 million) at a gross profit margin of 79% (Period ended 31 December 2024: 81%). As such, the Group's gross profit recorded HK\$73 million during the year (Period ended 31 December 2024: HK\$111 million).

Throughout the year, Hong Kong's economic landscape has been shaped by both opportunities and challenges. Rising geopolitical tensions may discourage mainland Chinese tourists from traveling abroad, potentially boosting retail sales in Hong Kong and further strengthening Hong Kong's overall economy. However, simultaneous shifts in consumption patterns among both local residents and tourists, which have been diverting purchasing power from Hong Kong's retail sector over the past few years. As a result, the revenue of the "Garment and Related Accessories Business" only achieved HK\$39 million, with an average monthly retail sales figure of HK\$3.2 million (Period ended 31 December 2024: HK\$60 million with a monthly average of HK\$3.6 million).

Amid declining retail sales, the Group has put efforts in every aspect in retail shop profitability, including decreasing costs and rental expenses, closing down loss-making shops, maintaining an optimal inventory level and inventory mix, and implementing promotions. With successful shop network optimisation, the segment loss during the year recorded HK\$12 million (Period ended 31 December 2024: HK\$17 million) with the same level of monthly segment loss as last period.

For the year ended 31 December 2025, "Property Investment and Letting Business" segment maintained a steady average monthly income of HK\$4.5 million, similar to the comparable period. This led to total rental income reaching HK\$54 million for the year (Period ended 31 December 2024: HK\$77 million). However, the revaluation of the investment properties of the Group notched fair value losses of HK\$73 million (Period ended 31 December 2024: HK\$23 million) for the year ended 31 December 2025.

2025 was a year marked by tariff-induced uncertainty that disrupted the global economic outlook. In response, the Group adopted a cautious approach to portfolio management, achieving a gain of HK\$11 million in its "Treasury Management" segment for the year ended 31 December 2025 (Period ended 31 December 2024: HK\$10 million). However, the fair value of derivative financial instruments was a net deficit of HK\$10 million during the year, mainly attributable to mark-to-market valuation of interest rate swaps entered into earlier to hedge interest rate risks (Period ended 31 December 2024: gain of HK\$5 million).

With the active management of the currency peg and the significant impact of capital market dynamics on local liquidity, the 1-month HIBOR displayed volatility and high reactivity, fluctuating from near-zero levels to nearly 4% before stabilising to a more moderate range by year-end. Benefiting from the U.S. federal funds rate cut in 2025, the average monthly financing costs decreased by one-third to HK\$2.5 million during the year, as compared to HK\$3.7 million for the period ended 31 December 2024.

Chairman's Statement

FINANCIAL PERFORMANCE (continued)

By combining the results of the three business segments and finance costs mentioned above with the net unallocated expenses of HK\$39 million during the year (Period ended 31 December 2024: HK\$62 million), and factoring in the lack of a reversal of income tax payable upon deregistration of a Mainland China branch with the amount of HK\$19 million in the prior comparable period, the total loss attributable to the owners of the Company was HK\$108 million (Period ended 31 December 2024: HK\$50 million) for the year ended 31 December 2025.

“GARMENT AND RELATED ACCESSORIES BUSINESS” SEGMENT

Hong Kong and Macau

During the year, the apparel market in Hong Kong and Macau continued to underperform, primarily due to subdued local consumer sentiment and structural shifts in inbound tourism patterns. In 2025, Hong Kong's total retail sales value in the apparel segment saw a year-on-year decline of 3.5%, with a significant drop of 11.2% in December alone. This reflects weak domestic demand in the apparel retail sector and aligns with the overall trends experienced by the Group. Monthly retail revenue in Hong Kong and Macau decreased by 10% from HK\$3.3 million in last comparable period to HK\$3 million in 2025. This resulted in a total of Hong Kong and Macau retail revenue of HK\$36 million for the year ended 31 December 2025 (17 months period ended 31 December 2024: HK\$56 million).

Moreover, persistently high rents have intensified pressure on retailers. The Group has actively negotiated with landlords to secure better terms. For underperforming stores that consistently generate losses, closures have been considered. In contrast, the Group focused on identifying emerging districts in Hong Kong with high foot traffic as potential locations for new store openings. During the year, three new shops were opened, while one existing shop was closed. As of 31 December 2025, the Group operated a total of 14 (31 December 2024: 12) retail shops.

The Mainland

During the year, China's consumer market showed an improvement after the Mainland's implementation of various policies to stimulate domestic consumption. However, the Group has strategically focused its retail income primarily on royalty income from franchisees, maintaining a limited number of self-operated shops at just 5 as of 31 December 2025. These locations serve as essential showrooms for franchisees. Consequently, retail revenue from self-operated shops in the Mainland represented 6% (Period ended 31 December 2024: 7%) of segment turnover for the year ended 31 December 2025.

Royalty Income

The Group's licensing business of the brand “Crocodile” in Hong Kong, Macau, and the Mainland contributed a royalty income of HK\$9 million for the year, reflecting a slight decline of 6% year-on-year in average monthly royalty income, as compared to HK\$14 million for the 17 months period ended 31 December 2024.

Chairman's Statement

“PROPERTY INVESTMENT AND LETTING BUSINESS” SEGMENT

Hong Kong's office market has faced significant challenges due to a global shift toward flexible working and economic uncertainty associated with China's slower growth and geopolitical risks. These factors have resulted in record-high vacancy rates and an oversupply of Hong Kong commercial spaces as many industries downsize and release office space. In the second half of 2025, the departure of a key tenant from our core property at lease expiry caused a temporary decline in average monthly rental income. As a result, rental revenue for the year ended 31 December 2025, totaled HK\$54 million (Period ended 31 December 2024: HK\$77 million). Additionally, the revaluation of the Group's investment properties recorded fair value losses of HK\$73 million during the year, compared to a loss of HK\$23 million in the previous period.

“TREASURY MANAGEMENT” SEGMENT

During the year, global investment markets have maintained a positive trajectory, despite the disruptions caused by U.S. President Trump's tariff announcements and associated statements. Although the initial tariff announcement led to increased market volatility, factors such as a weaker U.S. dollar, strong momentum in AI-related investments, and growing expectations for Federal Reserve rate cuts have collectively bolstered performance across major Asian and Europe markets. Capitalising on this upward trend, the Group's prudent treasury management strategy (by allocating a larger portion of its investment portfolio to global funds) yielded a higher average monthly profit in 2025 compared to the prior period. Consequently, this generated HK\$11 million treasury profit for the year ended 31 December 2025 (Period ended 31 December 2024: HK\$10 million). However, the fair value of derivative financial instruments showed a net deficit of HK\$10 million for the year. This decline is largely due to the mark-to-market valuation of interest rate swaps previously established to mitigate interest rate risks. In contrast, there was a gain of HK\$5 million recorded during the period ended 31 December 2024.

Chairman's Statement

PROSPECTS

Looking ahead, the Group is dedicated to maintaining adaptability in the face of ongoing global and local economic uncertainties. The retail landscape is currently experiencing significant structural changes, including a decline in domestic demand driven by economic instability and a growing preference among consumers for experiential purchases over traditional shopping. In response to these challenges, the Group has streamlined its cost structure to minimise operating expenses while strengthening its core competitiveness through efficient inventory management, operational enhancements, and innovative product development.

Also, to enhance its market position, the Group is rationalising its sales network and adjusting inventory levels for the “Crocodile” brand, with the goal of improving its product offerings and achieving higher gross margins. With over 70 years of prestigious heritage, “Crocodile” aims to reinforce its identity as a recognised “Hong Kong brand” through strategic investments in product development and visual marketing initiatives. The Group is confident that its “Garment and Related Accessories Business” segment will continue to recover in alignment with evolving market dynamics.

As a landlord of investment properties, the property investment and letting business segment generates stable rental income and cash flow that supports the Group's operations. Given the decline in demand for commercial properties and a global shift toward flexible work arrangements, which has increased the supply of office spaces in Kowloon East, the Group views this as an opportunity to pivot. By converting a core office building into service-retail spaces, the Group aims to enhance rental rates in the current market. With new tenants secured, including health and community pharmacy services, the occupancy rate has risen to nearly 90%. Additionally, as a socially responsible company, the Group has partnered with several non-profit organisations among its tenants, allowing them to provide essential medical and health services to the community.

12

For treasury management, the Group has implemented a cautious investment strategy to address ongoing market uncertainties stemming from persistent policy instability, trade and tariff uncertainties, and high valuations. This approach aims to achieve long-term value through private equity investments and funds. With the successful rights issue raising over HK\$47 million, the Group's upcoming cash flows are considered healthy. Additionally, the anticipated interest rate reduction cycle is expected to further ease the Group's interest rate burden, positioning it for solid and sustainable development.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities.

Chairman's Statement

RIGHTS ISSUE

The rights issue announced by the Company in October 2025 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$1.5 each (the “**Rights Issue**”) was completed in December 2025. Upon completion of the Rights Issue, the Company received net proceeds (after deduction of rights issue expenses) of approximately HK\$47.0 million (“**Net Proceeds**”). The Company intended to apply the Net Proceeds for repayment of bank borrowings and interest payments of the Group.

As of 31 December 2025, the intended and actual uses of the Net Proceeds under the Rights Issue are set out below:

	Intended use of the Net Proceeds as disclosed in the prospectus dated 21 November 2025 HK\$' million	Actual use of the Net Proceeds up to year end date of 31 December 2025 HK\$' million	Unutilised Net Proceeds as of 31 December 2025 HK\$' million	Intended and actual timeline for the use of the Net Proceeds
Repayment of bank borrowings and interest payments of the Group	Approximately 47.0	Approximately 1.8	Approximately 45.2	From December 2025 to December 2026

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN EXCHANGE RISK EXPOSURE

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to restrain the financial risks effectively. The Group maintains a conservative approach in financial management by constantly monitoring its interest rate and foreign exchange exposures. Except for financial assets and liabilities at FVTPL (including interest rate swap), the Group has not employed other financial instruments as of 31 December 2025.

The Group earns revenue and incurs cost mainly in Hong Kong dollars, Renminbi and United States dollars. The Group considers the foreign exchange risk is not high as the Group will consider the foreign exchange effect of the terms of purchase and sale contracts dealt with foreign enterprises and trading of overseas securities.

Cash and cash equivalents held by the Group amounted to HK\$125 million as at 31 December 2025 (31 December 2024: HK\$156 million) and were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. Decrease was mainly due to the principal repayment of bank loans of HK\$35 million and interest payments of HK\$29 million during the year, which was replenished by a successful Rights Issue fund raising of HK\$47 million in December 2025. The pledged bank deposits of approximately HK\$3 million (31 December 2024: HK\$1 million) represent deposits pledged to banks to secure margin loans and are therefore classified as current assets. The cash and cash equivalents denominated in Renminbi as at 31 December 2025 were equivalent to HK\$11 million (31 December 2024: HK\$8 million) which is not freely convertible into other currencies. However, under the regulations on foreign exchange controls of the Mainland, the Group is permitted to exchange Renminbi for other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business.

Chairman's Statement

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN EXCHANGE RISK EXPOSURE (continued)

As at 31 December 2025, the total outstanding borrowings including margin loans of the Group amounted to HK\$670 million (31 December 2024: HK\$694 million). The total outstanding borrowings comprised secured bank term loan of HK\$520 million of which HK\$21 million was short-term and secured short-term bank revolving loans of HK\$145 million.

As at 31 December 2025, interests on bank borrowings are charged at floating rates. The bank borrowings and margin loans payable of the Group are denominated principally in Hong Kong dollars and Japanese Yen. The Group has entered into interest rate swap arrangements to secure a marginally lower interest rate, reducing the interest rate risk.

CHARGES ON ASSETS

As at 31 December 2025, the Group has charged certain of its assets, including own-used properties, investment properties, right-of-use assets, certain financial assets at FVTPL and pledged bank deposits, with total carrying values of HK\$1,587 million (31 December 2024: HK\$1,660 million), to its bankers to secure the borrowings, margin loans payable and banking facilities granted to the Group.

GEARING

The Group's gearing revealed by the debt-to-equity ratio (expressed as a percentage of total bank borrowings and margin loans payable to total net assets) as at 31 December 2025 was approximately 49% (31 December 2024: 49%). In view of the volatile worldwide economic and financial landscapes, the Group continues to be prudent for business development to contain its gearing within a suitable range for controlling its risk exposure and finance costs.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2025.

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no major investments, acquisitions or disposals during the year ended 31 December 2025.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group, including part-time sales staff, was 94 as at 31 December 2025 (31 December 2024: 94). Pay rates of the employees are largely based on industry practice and the performance of individual employee. In addition to salary and bonus payments, other staff benefits include subsidised medical care, free hospitalisation insurance plans, provident fund benefits, subsidised meals, staff discount on purchases, internal training for sales staff and external training program subsidies.

Chairman's Statement

APPRECIATION

On behalf of the Board, I extend my heartfelt gratitude to all the staff and management members for their unwavering dedication and ongoing support. Your hard work and commitment have played a crucial role in the success and growth of Crocodile. We truly appreciate your contributions.

As we move forward, we eagerly anticipate sharing a prosperous future with each and every one of you, as well as with our esteemed shareholders and valued customers. Together, we will continue to strive for excellence, seize opportunities, and overcome challenges, ensuring the continued success and advancement of Crocodile. Thank you for being an integral part of our journey.

Lam Wai Shan, Vanessa

Chairman, Executive Director and Chief Executive Officer

Hong Kong

25 March 2026

Report of the Directors

The Directors present their report and the audited consolidated financial statements (“**Financial Statements**”) of the Company and its subsidiaries (“**Group**”) for the year ended 31 December 2025 (“**Year**”).

CHANGE OF FINANCIAL YEAR END DATE

The financial year end date of the Company has been changed from 31 July to 31 December for the financial period commencing on 1 August 2023 (for details, please refer to the Company’s announcement dated 27 March 2024). Accordingly, the current financial year covers a period of twelve months from 1 January 2025 to 31 December 2025 while the comparative period covers a period of seventeen months from 1 August 2023 to 31 December 2024.

PRINCIPAL ACTIVITIES

During the Year, the principal activities of the Group included garment and related accessories business, property investment and letting business, and treasury management. There were no significant changes in the nature of the Group’s principal activities during the Year and up to the date of this Report.

Particulars of the Company’s principal subsidiaries as at 31 December 2025 are set out in Note 1 to the Financial Statements.

BUSINESS REVIEW

16 A fair review of the businesses of the Company as well as a discussion and analysis of the Group’s performance during the Year and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“**Companies Ordinance**”) can be found in the “Chairman’s Statement” set out on pages 8 to 15 of this Annual Report. The financial risk management objectives and policies of the Group are set out in Note 35 to the Financial Statements. In addition, discussions on the Group’s environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the “Corporate Governance Report” on pages 33 to 62 of this Annual Report and an Environmental, Social and Governance Report regarding the same period will be presented as a separate report to be published on the website of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) at www.hkexnews.hk and the website of the Company at www.crocodile.com.hk under the “Investor Relations” section. The discussion form part of this Report.

RESULTS AND DIVIDENDS

Details of the results of the Group for the Year and the Group’s financial position as at 31 December 2025 are set out in the Financial Statements and their accompanying notes on pages 68 to 163.

The Board does not recommend the payment of a final dividend in respect of the Year (Period ended 31 December 2024: Nil). No interim dividend was paid or declared in respect of the Year (Period ended 31 December 2024: Nil).

Report of the Directors

DIRECTORS

The Directors who were in office during the Year and as at the date of this Report are as follows:

Executive Directors (“Executive Director(s)” or “ED(s)”)

Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer)

Lee Po On (Alternate Director to Ms. Lam Wai Shan, Vanessa)

(appointed as an alternate director on 22 October 2025)

Lam Kin Hong, Matthew

Non-executive Directors (“NED(s)”)

Chow Bing Chiu

Lam Suk Ying, Diana

Lam Howard

Independent Non-executive Directors (“INED(s)”)

Leung Shu Yin, William (Deputy Chairman)

Fung Cheuk Nang, Clement

Woo King Hang

In accordance with Article 100 of the Articles of Association of the Company (“**Articles of Association**”), Mr. Lam Kin Hong, Matthew (ED), Mr. Lam Howard (NED) and Mr. Leung Shu Yin, William (INED) will retire from office by rotation as Directors at the 2026 annual general meeting held on 27 May 2026 (“**2026 AGM**”).

Mr. Lam Kin Hong, Matthew shall retire as an Executive Director at the close of 2026 AGM. Mr. Matthew Lam has confirmed in writing that there are no matters in connection with his retirement from the Board which should be drawn to the attention of the Shareholders.

Mr. Lam Howard and Mr. Leung Shu Yin, William who shall retire at 2026 AGM (together “**Retiring Directors**”) and, being eligible, offer themselves for re-election thereat.

In accordance with Article 103 of the Articles of Association, the Nomination Committee of the Company (“**Nomination Committee**”), with reference to the factors under the Director’s Nomination Policy and Board Diversity Policy of the Company, has proposed the election of the directors at 2026 AGM (“**Proposed Directors**”) and recommended to the Board.

The Board considered that the re-election of Retiring Directors and the election of Proposed Directors is appropriate to the needs of the Board as well as the requirements of the Company’s business. Accordingly, the Board proposed the re-election of the Retiring Directors and election of the Proposed Directors at 2026 AGM.

Details of Retiring Directors who will stand for re-election and Proposed Directors who will stand for election at 2026 AGM, required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), are set out in the Company’s circular to be issued in April 2026.

Report of the Directors

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its INEDs in writing an annual confirmation of his independence for the Year pursuant to Rule 3.13 of the Listing Rules and the Company considers all INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

No Directors proposed for re-election at 2026 AGM have an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are supervised by the remuneration committee of the Company ("**Remuneration Committee**") and determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in the Note 9 to the Financial Statements.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the provisions of the Companies Ordinance, every Director and officers of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 32 to the Financial Statements headed "Related Party Transactions", no Director nor a connected entity of a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

No contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Year.

Report of the Directors

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Share Option Scheme” and “Directors’ and Chief Executive’s Interests” in this Report below and in Note 27 to the Financial Statements, at no time during the Year was the Company or any of its subsidiaries and its holding company a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical particulars of the existing Directors and senior management of the Company are set out below:

Executive Directors

Ms. Lam Wai Shan, Vanessa, M.H., aged 54, is the Chairman of the Board (“**Chairman**”), Executive Director and Chief Executive Officer of the Company (“**Chief Executive Officer**”/“**CEO**”). She has been appointed an Executive Director in February 2006, and was appointed the Chairman and the Chief Executive Officer in January 2021. Ms. Lam provides leadership for the Board and ensures that the Board discharge its responsibilities effectively and efficiently. She is the Chairman of the Executive Committee of the Company (“**Executive Committee**”) and the Nomination Committee of the Company and a member of the Remuneration Committee. Ms. Lam is the authorised representative of the Company. Ms. Lam has extensive experience in operations and management, business, finance and corporate development, and brand and product development. Ms. Lam holds directorships in a number of the subsidiaries and an associate of the Company. She holds a Bachelor of Arts Degree from Scripps College in California, the United States of America (“**USA**”) and graduated from the Fashion Institute of Design and Merchandising in Los Angeles, USA. With over 28 years of experience in the fashion industry, Ms. Lam previously worked for two renowned London-based design houses, Alexander McQueen and Julien MacDonal, before joining the Group in March 1998 as Vice-President. Ms. Lam’s industry expertise also includes property investment and letting business. Ms. Lam has received numerous awards in recognition of her contribution to the fashion industry and charitable causes. On 1 July 2016, she was awarded the Medal of Honor by the Government of the Hong Kong Special Administrative Region of the People’s Republic of China.

Ms. Lam is currently a member of Advisory Board of Yan Chai Hospital, Honorary Chairman and Member of the 42nd Term Executive Committee and the Permanent Advisor of The Association of the Directors and Former Directors of Yan Chai Hospital and previously served as the Chairman of its Board of Directors from 2015 to 2016. Additionally, she was a member of the Guangdong Provincial Committee of the Chinese People’s Political Consultative Conference (“**CPPCC**”) and the Beijing Haidian Qu Committee of the CPPCC.

Ms. Lam remains actively involved in contributing to social and charitable causes. Ms. Lam is a Director of the Fashion Farm Foundation (“**FFF**”), a non-profit organisation established by a group of enthusiastic fashion entrepreneurs and educators in Hong Kong. FFF promotes Hong Kong’s fashion design by encouraging and fostering collaborations between the business, lifestyle, educational and cultural sectors. Ms. Lam is also a Member of the School Management Committee of Yan Chai Hospital Lim Por Yen Secondary School, where she provides support through sponsorship in overseas study tours to broaden students’ horizons, enhance their learning experiences, and provide them with opportunities to gain valuable insights and knowledge from different cultures and environments.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Executive Directors (continued)

Ms. Lam also holds directorships in Honorman Limited and Rich Promise Limited, both of which are substantial shareholders of the Company. She is the niece of Ms. Lam Suk Ying, Diana (NED) and Mr. Lam Kin Hong, Matthew (Executive Director). She is also an elder sister of Mr. Lam Howard who is a NED of the Company.

Mr. Lam Kin Hong, Matthew, B.B.S., M.H., J.P., aged 58, was appointed an Executive Director in July 1999. Mr. Lam holds directorships in a number of the subsidiaries of the Company. Mr. Lam is also an executive director of Lai Sun Garment (International) Limited (“LSG”) and the executive deputy chairman and an executive director of Lai Fung Holdings Limited (“LFH”). LSG and LFH are listed on the Main Board of the Stock Exchange. He graduated from University College London in the United Kingdom with a Bachelor of Science Degree and underwent training as a lawyer with an international law firm, Reed Smith Richards Butler. Mr. Lam is a co-founding partner and managing partner of a Hong Kong law firm, Nixon Peabody CWL and a member of The Law Society of Hong Kong and The Law Society of England and Wales.

Mr. Lam has considerable experience in property development and corporate finance in Hong Kong and Mainland China. He is the president of the Federation of Hong Kong-Shanghai Associations and a standing committee member of the Chinese People’s Political Consultative Conference in Shanghai. Mr. Lam was appointed a Justices of the Peace in July 2021 and he received the Bronze Bauhinia Star awarded from the Government of the HKSAR on July 2023. He serves as an Honorary Consul of the Republic of Estonia in Hong Kong, a member of the Competition Commission, a member of the Protection of Wages on Insolvency Fund Board, the Chairman of Appeal Tribunal Panel (Buildings), a member of the Fight Crime Committee, and the member of the Independent Police Complaints Council. Mr. Lam also serves as a Racing Steward at the Hong Kong Jockey Club and he is also a council member of the Better Hong Kong Foundation. He was a former member of the Advisory Committee on Admission of Quality Migrants and Professionals and a former member of the Employees Compensation Assistance Fund Board, and a former member of the Consumer Council.

Mr. Lam is the younger brother of Ms. Lam Suk Ying, Diana (NED) and an uncle of Ms. Lam Wai Shan, Vanessa (Chairman, Executive Director and Chief Executive Officer) and Mr. Lam Howard (NED). Ms. Lam Wai Shan, Vanessa is the substantial shareholder of the Company.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Non-Executive Directors

Mr. Chow Bing Chiu, aged 75, is a Non-executive Director of the Company. He first joined the Board of the Company as an Independent Non-executive Director in September 2004 and has been re-designated from an Independent Non-executive Director to a Non-executive Director with effect from 29 March 2021. Mr. Chow is the member of Executive Committee. Mr. Chow was a member of the Audit Committee of the Company (“**Audit Committee**”) and the Remuneration Committee. Mr. Chow is also an independent non-executive director of LSG which is listed on the Main Board of the Stock Exchange. Mr. Chow obtained his Bachelor of Laws Degree in 1980 and qualified as a solicitor in Hong Kong in 1983. He is the senior partner of B.C. Chow & Co., Solicitors, in Hong Kong and a China-appointed Attesting Officer.

Ms. Lam Suk Ying, Diana, aged 70, was appointed a Non-executive Director in December 2006. Ms. Lam graduated from the Loyola University in California, USA with a Bachelor of Business Administration Degree. She also holds a Master’s Degree in Public Administration from the Pepperdine University in California. Ms. Lam had worked for Metropolitan Life Insurance Company in California, USA for two years and has been managing her personal investments continuously to date.

Ms. Lam is an elder sister of Mr. Lam Kin Hong, Matthew (Executive Director), and an aunt of Ms. Lam Wai Shan, Vanessa (Chairman, Executive Director and Chief Executive Officer) and Mr. Lam Howard (Non-executive Director). Ms. Lam Wai Shan, Vanessa is the substantial shareholder of the Company.

Mr. Lam Howard, aged 37, has been appointed a Non-executive Director of the Company on 13 December 2023. He is a director of a subsidiary of the Company. Mr. Lam has intensive experience in hotel, entertainment, movie city, real estate management and shopping mall business in the mainland China. He holds directorship in a number of companies of Lam’s family business in Hong Kong and overseas. He is the president and chief executive of a number of business entities in the mainland China. He is also enthusiastic about charity and sports. Currently, Mr. Lam is a Member of the Chinese People’s Political Consultative Conference (Guangzhou Tianhe District), an Executive Member of Guangdong Federation of Industry & Commerce, the Vice President of both Guangzhou Foreign Investment Enterprises Chamber of Commerce and Hongkong Guangdong Foreign Businessmen Association, the President of Guangzhou Badminton Association, and the Honorary President of Shantou Overseas Fraternity. He graduated from University College London in the United Kingdom with a Bachelor of Science Degree.

Mr. Lam is a younger brother of Ms. Lam Wai Shan, Vanessa (Chairman, Executive Director and Chief Executive Officer, and substantial shareholder). He is a nephew of Ms. Lam Suk Ying, Diana (NED) and Mr. Lam Kin Hong, Matthew (Executive Director). Mr. Lam is a director of Honorman Limited and Rich Promise Limited, both are the substantial shareholders of the Company.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Independent Non-Executive Directors

Mr. Leung Shu Yin, William, aged 76, was appointed the Deputy Chairman of the Company in January 2021 and has been an Independent Non-executive Director as well as the Chairman of both the Audit Committee and the Remuneration Committee of the Company since February 2011. Mr. Leung is also an independent non-executive Director of LSG and Lai Sun Development Company Limited. Mr. Leung was an independent non-executive director of Mainland Headwear Holding Limited between 14 March 2000 and 31 August 2023. The aforesaid companies are listed on the Main Board of the Stock Exchange. He is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a Fellow of both the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. Mr. Leung is a practising director of two certified public accountants' firms in Hong Kong.

Mr. Fung Cheuk Nang, Clement, M.H., aged 49, was appointed an Independent Non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Fung has extensive management experience in development and manufacturing of consumer products. He holds positions in various charitable and social organisations. He is a member of Advisory Board of Yan Chai Hospital and was the chairman of its board of directors during 2018 to 2019. He is currently an independent non-executive director of V & V Technology Holdings Limited (formerly known as Hi-Level Technology Holdings Limited) (the issued shares of which are listed and traded on GEM of the Stock Exchange). Mr. Fung is also a director of Smarhome Technology Limited and Smarhome Products Limited, both of which are privately owned consumer electronics companies in Hong Kong. He received the Medal of Honour awarded from the Government of Hong Kong in July 2019.

Mr. Woo King Hang, J.P., aged 64, was appointed an Independent Non-executive Director and a member of each of the Audit Committee and the Nomination Committee of the Company on 28 January 2022. Mr. Woo has extensive experience in financial and business management. Mr. Woo is currently an independent non-executive director and a member of the audit committee, remuneration committee and nomination committee of Digital Domain Holdings Limited (“DDHL”) and an independent non-executive director, the chairman of the audit committee and a member of remuneration committee and the corporate governance committee of MOS House Group Limited (“MOS”). Mr. Woo is also a senior advisor of a certified public accountants' firm. Mr. Woo was the vice chairman of the board of directors and a non-executive director of Zhong Ju Investment Group Limited (“ZJIG”) (formerly known as Centenary United Holdings Limited) between 20 May 2020 and 30 May 2024.

Mr. Woo is a Justice of the Peace appointed by the Chief Executive of the HKSAR and an adjunct professor of the Department of Public and International Affairs, City University of Hong Kong. He also received the Secretary for Home and Youth Affairs' Commendation.

Mr. Woo is a fellow member of each of the Institute of Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants. He holds a Master's Degree of Business Administration from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Bachelor's Degree of Laws from Peking University and a Master's Degree of Laws from the City University of Hong Kong.

Mr. Woo is an honorary officer of the Auxiliary Medical Service, an advisor of School of Chinese Medicine of the Chinese University of Hong Kong and a member of each of the Hospital Governing Committee, the Queen Elizabeth Hospital and Hong Kong Advisory Council on AIDS. He serves as a member of Kwun Tong District Fight Crime Committee and an adjudicator of the Registration of Persons Tribunal. He is a director of Hong Kong PHAB Association and the chairman of each of Kwun Tong District Senior Police Call Honorary President Council, Police Education and Welfare Trust Management Committee, Police Children's Education Trust Management Committee and Kwun Tong Healthy City Steering Committee.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Independent Non-Executive Directors (continued)

Mr. Woo was a project controller of CTF Services Limited (“CTFSL”) (formerly known as NWS Holdings Limited) from January 2019 to April 2019. Mr. Woo also served as a financial controller and an executive director of Hip Hing Construction Company Limited (a wholly-owned subsidiary of CTFSL) from February 2006 to June 2010 and from July 2010 to December 2018 respectively. He was also a director of Bell Tea Overseas Limited (“BTO”, formerly known as Hip Hing Overseas Limited) from 2 July 2010 to 18 October 2018. BTO was a wholly-owned subsidiary of CTFSL and incorporated in Hong Kong on 13 April 1993 and was principally engaged in the business of construction overseas. On 19 September 2018, a winding up order (“Order”) was granted by the High Court of Hong Kong (“High Court”) on BTO. On 5 July 2021, the High Court finally ordered that BTO be dissolved. Mr. Woo confirmed that the Order was in relation to the nonpayment for a sum arising from an arbitration case involving contractual dispute relating to the construction works of a building in Dubai which commenced in or about 2007 and was completed in or about 2011 between the petitioner of the Order and a joint venture entity (“Joint Venture”) in which BTO had 30% interests. An award (“Award”) was granted by an arbitration institution in Dubai in favor of the said petitioner, which then enforced the whole amount of the Award in the High Court against, among others, BTO. Mr. Woo further confirmed that he was not involved in any of the matters concerning the operations of the Joint Venture, the construction works or the said arbitration or matters leading to the granting of the Order.

The issued shares of each of DDHL, MOS, ZJIG and CTFSL are listed and traded on the Main Board of Stock Exchange.

Alternate Director

Mr. Lee Po On, J.P., aged 70, has been appointed as an Alternate Director to Ms. Lam Wai Shan, Vanessa on 22 October 2025. Mr. Lee joined Television Broadcasts Limited (“TVB”) in February 2007. Mr. Lee was appointed as the Group Chief Executive Officer of TVB in September 2009, appointed as an Executive Director of TVB in March 2010 and the Vice Chairman of TVB in April 2020. Since resigning from all positions at TVB in May 2021, Mr. Lee has been assisting the late Mr. Lim Por-yen, the founder of the Lai Sun Group in Hong Kong, and his son, the late Dr. Lam Kin Ming in handling their estate affairs, and has been managing the investments for a number of family offices in Hong Kong and Macau.

Before joining TVB, during the period from late 1987 to January 2007, Mr. Lee worked as an executive director of the Lai Sun Group. The Lai Sun Group is a listed consortium engaged in real estate, hotel, media, entertainment and retail business in Hong Kong and overseas. During 1992 to 1996, Mr. Lee also took up the position of executive director and chief executive officer of Asia Television Limited which was a former affiliate of the Lai Sun Group.

During the early period from 1977 to 1987, Mr. Lee worked with KPMG, an international accounting firm, in various offices including Hong Kong, Los Angeles and Shanghai.

Mr. Lee is a fellow member of the Institute of Chartered Accountants in England and Wales and also a member of the Hong Kong Institute of Certified Public Accountants. He is a Justice of the Peace appointed by the Hong Kong Special Administrative Region (“HKSAR”) and was also a former member of the Election Committee for the Chief Executive in the HKSAR.

Report of the Directors

DIRECTORS OF SUBSIDIARIES

Other than the Directors named in the above section headed “Biographical Details of Directors and Senior Management”, the persons who have served on the boards of the subsidiaries of the Company during the Year and up to the date of this Report included Mr. Chung Chak Nam, Gabriel, Ms. Lam Wai Kei, Vicky, Mr. Ng Alex Kam Lik, Mr. Tsang Wing Pong, Ms. Chan Suk Wah, Annisa and Mr. Wan Yee Hwa, Edward.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this Report, the following Directors (collectively, “**Interested Directors**”) are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules:

Two Executive Directors including Ms. Lam Wai Shan, Vanessa and Mr. Lam Kin Hong, Matthew, and one Non-executive Director Mr. Lam Howard held shareholding interests and/or other interests and/or directorships in companies/entities engaged in the businesses of manufacture, retail and wholesale of fashions in Hong Kong, Macau and/or Mainland China, and/or property investment and letting in Hong Kong and/or Mainland China.

However, the Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging, his/her fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independent of, and at arm’s length from, the businesses of such companies/entities.

Report of the Directors

SHARE OPTION SCHEME

On 15 December 2015, the Shareholders approved the adoption of a share option scheme (“**2015 Scheme**”) for the purpose of providing incentives or rewards to any employee of the Group, any director, officer or consultant of the Group and any other group or classes of participants which the directors (hereinafter collectively referred to as the “**Eligible Participants**”), in their absolute discretion, consider to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group. Under the 2015 Scheme, the directors may grant options to the Eligible Participants as defined in the 2015 Scheme to subscribe for shares in the Company.

The 2015 Scheme which became effective on 18 December 2015 remains in force for a period of ten years commencing on its adoption date and was expired on 15 December 2025. The maximum number of the Shares issuable pursuant to the 2015 Scheme is 94,754,369 Shares, being 10% of the total issued Shares on the date of the approval of the 2015 Scheme. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. Unless otherwise determined by the Directors and specified in the letter or document containing the offer of grant of the Option at the time of the offer, there is no minimum period for which an Option must be held before the Option can be exercised. The Directors may specify vesting periods or minimum performance targets (if any) that must be achieved before Option can be exercised. Details of the 2015 Scheme are set out in the circular of the Company dated 13 November 2015. Share options granted under the 2015 Scheme must be taken up within 30 days from the date of grant respectively, upon payment of HK\$1 per option.

25

Share options may be exercised at any time within a period from the date of grant of the share options to the expiry date of the 2015 Scheme. The exercise price of any share option is determined by the directors, shall be at least the higher of (i) the closing price of the Company’s shares as stated in the Stock Exchange daily quotation sheet on the date of the offer of grant and (ii) the average closing prices of the Company’s shares as stated in the Stock Exchange daily quotation sheets for the five trading days immediately preceding the date of the offer of grant.

During the Year, no share options had been granted, exercised, cancelled and lapsed in accordance with the terms of 2015 Scheme and the Company has no outstanding share options granted under the 2015 Scheme until it expired on 15 December 2025. As at 1 January 2025, the maximum number of Shares issuable pursuant to the 2015 Scheme after taking into account the effect of share consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) consolidated share effective on 1 November 2024 (“**Share Consolidation**”) is 4,737,718 Shares, representing approximately 6.67% of the total issued Shares at the beginning of the Year. As the 2015 Scheme had expired on 15 December 2025, there would not be any further grant of options thereunder. Further details of the 2015 Scheme are set out in Note 27 to the Financial Statements.

No new share option scheme has been adopted after the expiration of the 2015 Scheme.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2025, the following Directors and chief executive of the Company who held office as of that day and their respective close associates (as defined in the Listing Rules) were interested, or were deemed to be interested in the following long or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) on that date (a) as required to be notified to the Stock Exchange and the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO (“**Register of Directors and Chief Executives**”); or (c) as notified to the Stock Exchange and the Company pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company (“**Securities Code**”); or (d) as otherwise known by the Directors:

(1) Interests in the Company

Long positions in the Shares and underlying Shares

Name of Directors	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares (Note 1)
		Personal interests	Corporate interests	Personal interests		
Ms. Lam Wai Shan, Vanessa	Beneficial owner and interest in controlled corporations	2,796,328	55,260,337	-	58,056,665 (Note 2)	56.08%
Mr. Lee Po On	Beneficial owner	23,437	-	-	23,437 (Note 3)	0.02%

Notes:

- The total number of issued Shares as at 31 December 2025 (that is 103,517,513 Shares) has been used for the calculation of the approximate percentage. Certain figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as approximate percentage may not represent precise arithmetic aggregations.
- Ms. Lam Wai Shan, Vanessa (Board Chairman, Executive Director and Chief Executive Officer) (“**Ms. Vanessa Lam**”) was personally interested in 2,796,328 Shares and was deemed to be interested in 55,260,337 Shares through the corporations controlled by her, namely Honorman Limited (“**Honorman**”) and Rich Promise Limited (“**Rich Promise**”). Please also read notes under sections headed “Interests in the associated corporations” and “Substantial Shareholders’ Interests”, in this Annual Report for details.
- Mr. Lee Po On (Alternate director to Ms. Vanessa Lam) was personally interested in 23,437 Shares.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (continued)

(2) Interests in the associated corporations

Long position in the shares of associated corporations						
Name of Directors	Name of associated corporations	Capacity	Personal interests	Corporate interests	Total	Percentage of total issued shares
Ms. Vanessa Lam	Honorman ^(Notes 1&3)	Beneficial owner	51 Class A	-	51 Class A	72%
		Beneficial owner	57 Class B	-	57 Class B	
	Rich Promise ^(Notes 2&3)	Interest in controlled corporation	-	10,000	10,000	100%
Mr. Lam Howard	Honorman ^(Notes 1&3)	Beneficial owner	19 Class B	-	19 Class B	12.67%

Notes:

At as 31 December 2025:

- The total share capital of Honorman was HK\$150 made up by 51 Class A shares and 99 Class B shares. Ms. Vanessa Lam owned 51 Class A shares and 57 Class B shares of Honorman and Mr. Lam Howard owned 19 Class B shares of Honorman.
- The total issued share of Rich Promise was 10,000 ordinary shares, which was owned as to 100% by Honorman, which in turn was owned as to 72% by Ms. Vanessa Lam and 12.67% by Mr. Lam Howard.
- Ms. Vanessa Lam and Mr. Lam Howard are the directors of both Honorman and Rich Promise.

Save as disclosed above, as at 31 December 2025, none of the Directors and the chief executive of the Company and their respective close associates had, or was deemed to have, any interest in the long and short positions in the Shares, underlying Shares and/or debentures of the Company or any of its associated corporations, which was required to be notified to the Stock Exchange and the Company pursuant to the SFO, or recorded in the Register of Directors and Chief Executives or notified to the Stock Exchange and the Company under the Securities Code or otherwise known by the Directors.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2025, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, other than person(s) who is/are Directors or chief executive of the Company, the particulars of the corporation or individual who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (“**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares and underlying Shares				
Name of Substantial Shareholders	Capacity	Nature of interests	Number of Shares and underlying Shares held	Approximate percentage of total issued Shares ^(Note 1)
Honorman	Beneficial owner and interest in controlled corporation	Corporate	55,260,337 <small>(Note 2)</small>	53.38%
Rich Promise	Beneficial owner	Corporate	53,122,500 <small>(Note 2)</small>	51.32%
Lau Shing Ngon	Beneficial owner	Personal	6,003,681	5.79%

Notes:

- The total number of issued Shares as at 31 December 2025 (that is 103,517,513 Shares) has been used for the calculation of the approximate percentage. Certain figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as approximate percentage may not represent precise arithmetic aggregations.
- Honorman was interested in 2,137,837 Shares directly and was deemed to be interested in 53,122,500 Shares indirectly held through its 100% owned subsidiary Rich Promise. Ms. Vanessa Lam were deemed to be interested in 2,137,837 Shares and 53,122,500 Shares held through their controlled corporations, Honorman and Rich Promise.

Save as disclosed above, the Directors are not aware of any other corporation or individual which/who, as at 31 December 2025, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in Note 32 to the Financial Statements headed “Related Party Transactions”, at no time during the Year had the Company or any of its subsidiaries, and the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Report of the Directors

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the Year and up to the date of this Report, the Company did not have any connected transaction or continuing connected transaction that was subject to the reporting requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business of the Group during the Year are provided under Note 32 to the Financial Statements. All such related party transactions are fully exempt from the connected transaction reporting requirements under Chapter 14A of the Listing Rules.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by businesses and geographical areas of the operations for the Year is set out in Note 4 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment and investment properties of the Group during the Year are set out in Notes 14 and 15 to the Financial Statements, respectively. Further details of the Group's investment properties are set out in "Particulars of Investment Properties" section in this Annual Report.

SHARES ISSUED IN THE YEAR

As announced in October 2025, the Company offered rights issue to the Shareholders on the basis of one rights share for every two existing Shares held on a record date (i.e. 20 November 2025) at a subscription price of HK\$1.5 per rights share ("**Rights Issue**"). Details of the Rights Issue and the Rights Issue results were contained in the Company's prospectus dated 21 November 2025 and announcement dated 12 December 2025.

As a result, a total of 32,451,736 Shares had been allotted and issued in fully paid form at the issue price of HK\$1.5 per Share on 15 December 2025. The total number of issued Shares, immediately after completion of the Rights Issue, increased to 103,517,513 Shares. Details of the share capital information of the Company are set out in Note 26 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had no reserves available for distribution to the Shareholders, in accordance with the provision of Section 297 of the Companies Ordinance (31 December 2024: Nil).

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total issued Shares was held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) as at the latest practicable date prior to the issue of this Annual Report.

At 25 March 2026, there were 501 Shareholders on the Company's register of members.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2025 are set out in Note 23 to the Financial Statements.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totalling HK\$532,000 (Period ended 31 December 2024: HK\$261,100).

30

MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the Group's five largest customers accounted for less than 30% of the Group's total turnover for the Year.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 83% and 27%, respectively of the Group's total purchases for the Year.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (whom to the best knowledge and belief of the Directors, own more than 5% of the total issued Shares) had any beneficial interest in the Group's five largest suppliers for the Year.

Report of the Directors

SUMMARY OF FINANCIAL INFORMATION

A summary of the published consolidated results, assets and liabilities of the Group for the last five financial period/years from 2021 to 2025 is set out below:

	Year ended 31 December	Seventeen months ended 31 December	Year ended 31 July		
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	92,285	137,631	86,876	103,288	112,000
Loss for the year/period attributable to owners of the Company	(108,000)	(49,896)	(108,786)	(78,385)	(1,933)
	As at 31 December	2024	2023	2022	2021
	2025 HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	2,118,596	2,191,906	2,343,864	2,415,390	2,200,619
Total liabilities	745,766	767,959	862,287	921,963	669,098
Total equity	1,372,830	1,423,947	1,481,577	1,493,427	1,531,521
	2,118,596	2,191,906	2,343,864	2,415,390	2,200,619

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 33 to 62 of this Annual Report.

EQUITY-LINKED AGREEMENT

For the Year, the Company has not entered into any equity-linked agreement, save for share options to be granted under the above section of "Share Option Scheme" of this Report.

Report of the Directors

REVIEW BY AUDIT COMMITTEE

The Audit Committee, currently comprises three INEDs, namely Mr. Leung Shu Yin, William (Chairman), Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang, has reviewed the audited Financial Statements with the management of the Company for the Year.

RE-APPOINTMENT OF INDEPENDENT AUDITOR

Ernst & Young, Certified Public Accountants (“EY”), was appointed as independent auditor of the Company for the year ended 31 July 2023 at the annual general meeting held on 16 December 2022 in place of SHINEWING (HK) CPA Limited which retired as an independent auditor of the Company upon expiration of its term of office at the conclusion of the same meeting.

EY was re-appointed as independent auditor of the Company at the annual general meeting held on 21 May 2025. The Financial Statements for the Year have been audited by EY who will retire and, being eligible, offer themselves for re-appointment at the 2026 AGM.

Having approved by the Board upon the Audit Committee’s recommendation, a resolution for the re-appointment of EY as the independent auditor of the Company for the ensuing year will be put to the 2026 AGM for Shareholders’ approval.

On behalf of the Board

Lam Wai Shan, Vanessa

Chairman, Executive Director and Chief Executive Officer

Hong Kong

25 March 2026

Corporate Governance Report

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code (“**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively).

(1) CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions set out from time to time in the CG Code contained in Part 2 of Appendix C1 to the Listing Rules throughout the year from 1 January 2025 to 31 December 2025 (“**Year**”), save for the deviation disclosed below:

Code provision C.2.1 in respect of the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Board is collectively responsible for the management and operations of the Company. Ms. Lam Wai Shan, Vanessa was appointed the Chairman of the Board (“**Board Chairman**”) and the Chief Executive Officer of the Company (“**CEO**”) since January 2021. As the Board Chairman, Ms. Lam provides leadership to the Board to ensure the Board works effectively and performs its responsibilities. As the CEO, Ms. Lam has in-depth experience in the garment and retail industry. Coupled with her extensive business network and connections and numerous awards in the industry, she is responsible for leading the development and execution of long-term strategies for the Company’s business. Hence, the Board believes that it is in the best interest of the Company for Ms. Lam to assume the roles of both the Board Chairman and the CEO.

Corporate Governance Report

(2) CORPORATE CULTURE AND STRATEGY

The principal activities of the Company and its subsidiaries (“**Group**”) include garment and related accessories business, property investment and letting business, treasury management and investment holding.

The Company, renowned as the “Shirt Expert” in the 1950s and 1960s and listed on the Hong Kong Stock Exchange since 1971, has built its legacy on a foundation of uncompromising quality, progressive design, and exceptional craftsmanship. Our brand spirit embodies resilience, innovation, and the pursuit of lifestyle balance, reflecting our core belief that true success lies in the harmony between career and family. This enduring cultural foundation has established Crocodile as one of the most recognized and trusted fashion labels in Hong Kong, Mainland China and Macau.

The Board of Directors plays a leading role in defining the Group’s purpose and strategic direction, setting the tone at the top and shaping a corporate culture that ensures all business activities are aligned with the Company’s vision, mission, policies and business strategies. Our culture is guided by five core principles:

- **Stewardship:** Honoring our 70-year legacy as a premier Hong Kong brand while prudently managing all company assets—including brand equity, our property portfolio, and environmental resources to create sustainable long-term value.
- **Agility:** Staying customer-centric and responsive to evolving market dynamics, from shifting tourism patterns to local consumer preferences, while embracing innovation across our products and processes.
- **Accountability:** Driving operational efficiency and rigorous cost control, underpinned by a steadfast commitment to ethical practices and transparent governance at every level.
- **Sustainability:** Embedding responsible practices throughout our operations, from sustainable sourcing in our garment supply chain to green initiatives across our property portfolio, ensuring we minimize our environmental footprint.
- **Collaboration:** Cultivating meaningful partnerships with designers, local artists, suppliers, and stakeholders to co-create value, reinforce our authentic Hong Kong identity, and amplify our ESG commitments.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

Corporate Governance Report

(3) BOARD OF DIRECTORS

(3.1) Composition of the Board

The Board currently comprises eight members, of whom two are Executive Directors, three are Non-executive Directors and the remaining three are Independent Non-executive Directors.

The Directors who served the Board during the Year and up to the date of this Annual Report are as follows:

Executive Directors (“ED(s)”)

Lam Wai Shan, Vanessa (“**Ms. Vanessa Lam**”) (Chairman and CEO)

Lee Po On (Alternate Director to Ms. Lam Wai Shan Vanessa)

(appointed as an alternate director on 22 October 2025)

Lam Kin Hong, Matthew (“**Mr. Matthew Lam**”)

Non-executive Directors (“NED(s)”)

Chow Bing Chiu (“**Mr. BC Chow**”)

Lam Suk Ying, Diana (“**Ms. Diana Lam**”)

Lam Howard (“**Mr. Howard Lam**”)

Independent Non-executive Directors (“INED(s)”)

Leung Shu Yin, William (“**Mr. William Leung**”) (Deputy Chairman)

Fung Cheuk Nang, Clement (“**Mr. Clement Fung**”)

Woo King Hang (“**Mr. KH Woo**”)

An updated list of Directors and their respective roles and functions are set out below and can be found on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.crocodile.com.hk.

Name of Directors	Position	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Lam Wai Shan, Vanessa [#] (Board Chairman and CEO)	ED	chairman	-	member	chairman
Lam Kin Hong, Matthew	ED	-	-	-	-
Chow Bing Chiu	NED	member	-	-	-
Lam Suk Ying, Diana	NED	-	-	-	-
Lam Howard	NED	-	-	-	-
Leung Shu Yin, William (Deputy Chairman)	INED	-	chairman	chairman	-
Fung Cheuk Nang, Clement	INED	-	member	member	member
Woo King Hang	INED	-	member	-	member

[#] Mr. Lee Po On is the alternate director to Ms. Lam Wai Shan, Vanessa.

Corporate Governance Report

(3) BOARD OF DIRECTORS (continued)

(3.1) Composition of the Board (continued)

As of 31 December 2025, the composition of the Board is in compliance with the minimum number of INEDs required under Rule 3.10(1) of the Listing Rules. The Company has also complied with Rule 3.10A of the Listing Rules with INEDs representing at least one-third of the Board and have at least one director of a different gender on the Board under Rule 13.92(2). The Board will review the management structure regularly to ensure that it continues to meet the objectives of the Group and is in line with the industry practices.

The brief biographical particulars of the existing Directors and senior management of the Company are set out in the section headed “Biographical Details of Directors and Senior Management” of the Report of the Directors on pages 19 to 23.

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required. Number of Board meetings held and the attendance record of each Director at the Board meetings held during the Year are set out in table on page 49 in this Annual Report.

During the Year, the Board considered and approved the change of share registrar of the Company; the update on the Code of Practice for Securities Transactions by Directors and Designated Employees and Terms of Reference of the Nomination Committee; the final results, annual report and environmental, social and governance (“ESG”) report for 2023/2024, and proposals for adoption of the audited financial statements of the Company for the 17 months period ended 31 December 2024 for consideration by the Shareholders at the 2024 adjourned annual general meeting on 21 May 2025 and the proposals for matters, including general mandates to Directors to issue and buy-back Shares, re-election of Directors, re-appointment of independent auditor (collectively, “**General Matters**”), adoption of the audited financial statements of the Company for the 17 months period ended 31 December 2024, for consideration by the Shareholders at the annual general meeting on 21 May 2025; the appointment of the alternate director to Ms. Vanessa Lam; the Proposed Rights Issue of the Company; and the budget of the Group for the year ended 31 December 2025 and for the year ending 31 December 2026.

After the Year end, the Board held meeting approved the final results, this Annual Report and ESG report for the Year, the update on the Shareholders’ communication policy and adoption of the workforce diversity policy and the proposals for the General Matters, the proposed election of the directors at 2026 AGM and adoption of the audited financial statements of the Company for the Year for consideration by the Shareholders at the 2026 AGM.

Corporate Governance Report

(3) BOARD OF DIRECTORS (continued)

(3.2) Responsibilities and Delegation

The Board oversees the overall management of the Company's businesses and affairs. The Board's primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities have been delegated to the above Committees.

The Board has delegated the day-to-day management of the Company's businesses to the management and the Executive Committee, and focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Group as well as overall policies and guidelines.

Decisions relating to the aforesaid matters and any acquisition or disposal of businesses, investments, or transactions or commitments of any kind where the actual or potential liability or value exceeds the threshold for discloseable transactions for the Company (as defined in the Listing Rules from time to time) are reserved for the Board; whereas decisions regarding matters set out in the terms of reference of the Executive Committee and those not specifically reserved for the Board are delegated to its Committees and the management of the Company ("**Management**"). The Listing Rules requires the Board to have a clear mechanism to oversee the ESG management, the Board with the assistance of the Audit Committee reviewed and monitored the Group's ESG management progress and focused on matters affecting the overall business strategy.

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

Corporate Governance Report

(3) BOARD OF DIRECTORS (continued)

(3.3) Board Independence

The Group has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Nomination Committee. On 25 March 2026, the Nomination Committee, delegated the responsibility by the Board, has reviewed the implementation and effectiveness of the following mechanisms at the its meeting:

- (a) Three out of the eight Directors are INEDs, which complies with the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors and the majority of INEDs have served on the Board for less than nine years.
- (b) The Nomination Committee will assess the independence of a candidate who is nominated to be a new INED before appointment and the continued independence of the current long-serving INEDs on an annual basis. All INEDs are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.
- (c) All Directors are entitled to retain independent professional advisors as and when it is required.
- (d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.
- (e) The Chairman of the Board will meet with the INEDs at least annually without the presence of the other ED(s).
- (f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (g) No equity-based remuneration with performance-related elements will be granted to INEDs.

Upon reviewing the existing mechanisms adopted by the Company for ensuring independent elements on the Board, the Nomination Committee generally agreed that the mechanisms, which was in conformity with the requirements of the Listing Rules, was appropriate and effective, and had been complied with.

Corporate Governance Report

(3) BOARD OF DIRECTORS (continued)

(3.4) Independent Non-executive Directors

The Company has complied with Rule 3.10(1) and 3.10(2) of the Listing Rules, which requires that every board of directors of a listed issuer must include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs a written annual confirmation of his independence for the Year pursuant to Rule 3.13 of the Listing Rules. Both the Nomination Committee and the Board considers that all INEDs are independent.

All INEDs have served on the Board for less than nine years except Mr. William Leung, who will retire by rotation as Director at the forthcoming AGM and, being eligible, offer himself for re-election. The length of tenure of Mr. William Leung with the Company as at the date of this Annual Report was more than 15 years. The Board has received from Mr. William Leung a written annual confirmation of his independence every year and his actual contributions, his impartiality and independent judgement on various issues that he brings to the discussions during Board and Board committees meetings, both the Audit Committee and Remuneration Committee. Being a long-serving director, Mr. Leung has developed an in-depth understanding of the Company's operations and business, and has expressed objective views and given independent guidance to the Company over the years. There is no empirical evidence that the long service of Mr. Leung would impair his independent judgement. The Board are satisfied that Mr. William Leung will continue to have the required character and experience to fulfill the role of an INED and consider that the re-election of Mr. William Leung as an INED at the 2026 AGM is in the best interest of the Company and its Shareholders as a whole. The re-election of Mr. William Leung will be subject to a separate resolution to be approved by Shareholders pursuant to code provision B.2.3 of the CG Code.

Further, up to the date of this Annual Report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired.

Corporate Governance Report

(3) BOARD OF DIRECTORS (continued)

(3.5) Appointment and Re-election of Directors

The Articles of Association provides that the Company may from time to time, in general meeting by ordinary resolution, elect any person to be a Director either to fill a casual vacancy or as an addition to the Board.

In accordance with code provision B.2.2 of the CG Code, and the retirement provisions in the Articles of Association, all Directors (including INEDs) are required to retire from office by rotation once every three years since their last election. Retiring directors shall be eligible for re-election.

In accordance with Article 103 of the Articles of Association, the Nomination Committee, with reference to the factors under the Director's Nomination Policy and Board Diversity Policy of the Company, has proposed the Proposed Directors and recommended to the Board.

The Board considered that re-election of Retiring Directors and the election of Proposed Directors is appropriate to the needs of the Board as well as the requirements of the Company's business. Accordingly, the Board proposed the re-election of the Retiring Directors and election of the Proposed Directors at 2026 AGM.

Details of Retiring Directors who will stand for re-election and Proposed Directors who will stand for election at 2026 AGM, required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in the Company's circular to be issued in April 2026.

40

(3.6) Relationships Between Board Members

Ms. Vanessa Lam (Board Chairman, ED and CEO) is a niece of Ms. Diana Lam (NED) and Mr. Matthew Lam (ED), and an elder sister of Mr. Howard Lam (NED). Saved as disclosed in this paragraph and "Biographical Details of Directors and Senior management" section of the Report of the Directors, none of the Directors has any financial, business, family or other material/relevant relationships with one another.

(3.7) Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

Corporate Governance Report

(4) DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

During the Year, Mr. Lee Po On was appointed as an Alternate Director to Ms. Vanessa Lam on 22 October 2025. He obtained legal advice relating to director's duties and responsibilities under applicable laws and regulations on 21 October 2025 from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules, and had confirmed that he understood his obligations as a Director.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, Directors and senior executives are encouraged to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance/act and corporate governance practices organised by professional bodies, independent auditor and/or law firms in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written training materials to develop and refresh their professional skills. Seminars/webinars on the latest development of applicable laws, rules and regulations will be organised and arranged for the Directors to assist them in discharging their duties. Directors are requested to provide records of training to the Company Secretary of the Company ("**Company Secretary**") for records. During the Year, the Company briefed on the amendments to or updates on the Companies Ordinance, Listing Rules and other regulations. In addition, the Company invited the training facilitator at The Hong Kong Institution of Directors to give a talk on "Transformation of Business Strategy through Adoption of AI" to the Directors and Management in August 2025.

Corporate Governance Report

(4) DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT (continued)

According to the records maintained by the Company, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the CG Code's requirement on continuous professional development during the Year:

Directors	Corporate Governance/Updates on Laws, Rules and Regulations/Accounting/Financial/ Management or Other Professional Skills	
	Read Materials	Attend Seminars/ Webinars/Briefings
Executive Directors		
Lam Wai Shan, Vanessa	✓	✓
Lee Po On (alternate Director to Ms. Vanessa Lam)	✓	✓
Lam Kin Hong, Matthew	✓	✓
Non-executive Directors		
Chow Bing Chiu	✓	✓
Lam Suk Ying, Diana	✓	✓
Lam Howard	✓	✓
Independent Non-executive Directors		
Leung Shu Yin, William	✓	✓
Fung Cheuk Nang, Clement	✓	✓
Woo King Hang	✓	✓

Corporate Governance Report

(5) BOARD COMMITTEES

The Board has delegated its authority to the following Committees, namely the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee to assist it in the implementation of its functions.

Each of the Board Committees should be established with specific written terms of reference which deal clearly with its authority and duties and responsibilities. Pursuant to the Code Provisions of the CG Code, the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are available on the Stock Exchange's website at www.hkexnews.hk and/or the Company's website at www.crocodile.com.hk.

The Company Secretary is also the secretary of each Board Committees. Full minutes of the Board Committee meetings should be kept by the secretary of the Committees.

The Company Secretary shall circulate the draft minutes of the Board Committees to all their members for their comments and records within a reasonable period of time after the meetings. The Committees shall periodically prepare and present to the Board a summary of matters considered and approved by the Committees at their meetings or by written resolutions.

(5.1) Executive Committee

The Board established the Executive Committee with written terms of reference on 18 November 2005 with updates last made on 16 December 2022. The Executive Committee currently comprises two members, namely Ms. Vanessa Lam (Board Chairman, ED and CEO) is the Chairman and Mr. BC Chow (NED) is a member.

43

(a) Duties of the Executive Committee

It assists the Board in monitoring the on-going management of the Company's businesses and in implementing the Company's objectives in accordance with the strategy and policies approved by the Board.

(b) Work Performed by the Executive Committee

Number of meetings held and the attendance record of each member at the Executive Committee meetings held during the Year are set out in the table on page 49 in this Annual Report.

The Executive Committee considered and approved the tenancies of the retail shops, corporate administrative matters, and banking-related matters at the meetings or by written resolutions.

Corporate Governance Report

(5) BOARD COMMITTEES (continued)

(5.2) Audit Committee

The Board established the Audit Committee with written terms of reference on 31 March 2000 with updates last made on 28 January 2019. The Audit Committee currently comprises three members, namely Mr. William Leung (Chairman), Mr. Clement Fung and Mr. KH Woo. All members are INEDs.

As of 31 December 2025, the Company has complied with Rule 3.21 of the Listing Rules, at which the Audit Committee comprises NEDs only; a minimum of three members; at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2); the majority of the Audit Committee members are INEDs; and the Audit Committee chaired by an INED. All members of the Audit Committee have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

(a) Duties of the Audit Committee

The Audit Committee is principally responsible for, among other things, monitoring the integrity of periodical financial statements of the Company, reviewing significant financial reporting judgements contained in them before submission to the Board for approval, reviewing and monitoring the external auditor's independence and objectivity as well as the effectiveness of the audit process in accordance with applicable standards. The Audit Committee is also responsible for performing the corporate governance functions and to oversee the Company's risk management and internal control systems.

The Board believes that good corporate governance is essential to the success of the Group and the enhancement of Shareholders' value. While recognising corporate governance is the collective responsibility of all of its members, the Board has delegated the corporate governance functions to the members of Audit Committee who are considered to be better positioned to provide an objective and independent guidance on governance-related matters.

On 27 March 2012, the Board formalised the governance-related policies and procedures, established on the foundations of accountability, transparency, fairness and integrity and adopted by the Group for years, into a set of corporate governance policy. The Audit Committee has been delegated with the responsibilities to develop, review, monitor, and make recommendations to the Board (as appropriate) in respect of the Company's policies and practices of corporate governance (including the compliance with the CG Code and the relevant disclosures in the Company's interim and annual reports), the practices in compliance with legal and regulatory requirements, and the training and continuous professional development of the Directors and senior management of the Company.

Corporate Governance Report

(5) BOARD COMMITTEES (continued)

(5.2) Audit Committee (continued)

(b) Work Performed by the Audit Committee

Number of meetings held and the attendance record of each member at the Audit Committee meetings held during the Year are set out in the table on page 49 in this Annual Report.

The Audit Committee considered and reviewed the risk management and internal control review reports of the Company prepared by an independent advisor and reviewed the audited final results and annual report for the 17 months period ended 31 December 2024, including the corporate governance report; reviewed the independence and objectivity of the independent auditor and dealt with the independent auditor's engagement and fees, and put forward the relevant recommendations to the Board for endorsement and/or approval; reviewed the unaudited interim results and the interim report for the six months ended 30 June 2025; and reviewed the audit plan for the year ended 31 December 2025. In addition, the Audit Committee held private session with the independent auditor separately without the presence of management.

After the Year end, the Audit Committee held a meeting to consider and review the risk management and internal control review reports of the Company prepared by an independent advisor and reviewed the audited final results and annual report for the Year, including the corporate governance report and reviewed the independence and objectivity of the independent auditor and dealt with the independent auditor's engagement and fees, and put forward the relevant recommendations to the Board for endorsement and/or approval. In addition, the Audit Committee held private session with the independent auditor separately without the presence of management.

45

(5.3) Remuneration Committee

The Board established the Remuneration Committee with written terms of reference on 18 November 2005 with updates last made on 1 April 2012. The Remuneration Committee currently comprises three members, including two INEDs, namely Mr. William Leung (Chairman), Mr. Clement Fung, and an ED, Ms. Vanessa Lam (Board Chairman and CEO) as another member. Majority members of the Remuneration Committee are INEDs.

As of 31 December 2025, the Company has complied with Rule 3.25 of the Listing Rules, which requires the Remuneration Committee chaired by an INED and comprising a majority of independent non-executive directors.

Corporate Governance Report

(5) BOARD COMMITTEES (continued)

(5.3) Remuneration Committee (continued)

(a) Duties of the Remuneration Committee

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of Directors and senior management of the Company.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board, in consultation with the Chairman of the Board, on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management of the Company, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel with the required quality to manage the Company successfully.

(b) Work Performed by the Remuneration Committee

Number of meeting held and the attendance record of each member at the Remuneration Committee meeting held during the Year are set out in the table on page 49 in this Annual Report.

The Remuneration Committee considered and reviewed the Directors' remuneration related matters either at its meeting or by written resolutions and put forward the relevant recommendations to the Board for endorsement and/or approval.

During the Year, the Remuneration Committee held a meeting to conduct annual review on Director's remuneration-related matters at the meeting and put forward the relevant recommendations to the Board for endorsement and/or approval.

No Director was involved in deciding his/her own remuneration at the meeting or by written resolutions of the Remuneration Committee.

Corporate Governance Report

(5) BOARD COMMITTEES (continued)

(5.4) Nomination Committee

The Board established the Nomination Committee with written terms of reference on 28 January 2022 with updates last made on 1 September 2025. The Nomination Committee currently comprises Ms. Vanessa Lam (Board Chairman, ED and CEO) (Chairman), and Mr. Clement Fung and Mr. KH Woo (both are INEDs) are two members. Majority members of the Nomination Committee are INEDs.

As of 31 December 2025, the Company has complied with Rule 3.27A of the Listing Rules, which requires the Nomination Committee chaired by the Board Chairman or an INED and comprising a majority of INEDs and have at least one director of a different gender on the Nomination Committee in accordance with the Code Provision B.3.5 of the CG Code.

The Company adopted the board diversity policy (“**Board Diversity Policy**”) sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board, the nomination policy (“**Director’s Nomination Policy**”) sets out the approach to guide the Nomination Committee to identify and select appropriate candidates for appointment or re-appointment as the Directors and to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company’s business, and the workforce diversity policy (“**Workforce Diversity Policy**”) sets out the approach to embedding diversity and inclusion across all levels of the Group, from the Board to all employees.

(a) Duties of the Nomination Committee

The Nomination Committee is principally responsible for, among other things, reviewing the structure, size, diversity profile and skills matrix of the Board and the needs of the Board and make recommendation on any proposed changes to the Board to complement the Board to achieve the Company’s corporate strategy as well as promote shareholder value; identifying suitable candidates and select or make recommendation to the Board on the selection of individuals to be nominated as Directors; assessing the independence of INEDs having regard to the criteria under the Listing Rules; making recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; reviewing implementation and the effectiveness of the Director’s Nomination Policy, the Board Diversity Policy and the Workforce Diversity Policy periodically and make recommendation on any proposed revisions to the Board; supporting the Company’s regular evaluation of the Board’s performance; reviews and assesses regularly each Director’s time commitment and contribution to the Board as well as the Director’s ability to discharge his/her responsibilities effectively; and reviewing the implementation and the effectiveness of the independence mechanism on an annual basis.

Corporate Governance Report

(5) BOARD COMMITTEES (continued)

(5.4) Nomination Committee (continued)

(b) Work Performed by the Nomination Committee

Number of meeting held and the attendance record of each member at the Nomination Committee meeting held during the Year are set out in the table on page 49 in this Annual Report.

The Nomination Committee conducted annual review of the composition of the Board with reference to diversity profile and skills matrix of the Board, reviewed the biographical details of Directors who will stand for re-election at 2025 AGM, assessed the independence of INEDs during the 17 months period ended 31 December 2024 and put forward the relevant recommendations to the Board for endorsement and/or approval.

After the Year end, the Nomination Committee held a meeting to conduct annual review of the composition of the Board with reference to diversity profile and skills matrix of the Board; reviewed the biographical details of Directors who will stand for re-election at 2026 AGM; considered a Director's retirement; reviewed the background of the proposed directors and recommended to the Board for election at the 2026 AGM; reviewed the implementation and the effectiveness of the Director's Nomination Policy, Board Diversity Policy and Workforce Diversity Policy; reviewed and assessed the Director's time commitment and contribution to the Board; reviewed the implementation and the effectiveness of the independence mechanism; reviewed the Workforce Diversity Policy and recommended to the Board for adoption; and assessed the independence of INEDs during the Year and put forward the relevant recommendations to the Board for endorsement and/or approval.

Corporate Governance Report

(6) ATTENDANCE RECORD AT MEETINGS

The attendance record^(note 1) of each Director at the meetings of the Board and its Committees, 2024 Adjourned AGM and 2025 AGM of the Company held during the Year is set out in the following table:

Directors	Board Meeting	Executive Committee Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2024 Adjourned AGM (note 2)	2025 AGM (note 3)
Number of Meetings Held	5	5	2	1	1	1	1
	Number of Meetings Attended/Number of Meetings Held						
Executive Directors							
Lam Wai Shan, Vanessa	5/5	5/5	-	1/1	1/1	1/1	1/1
Lam Kin Hong, Matthew	5/5	-	-	-	-	0/1	0/1
Non-executive Directors							
Chow Bing Chiu	5/5	5/5	-	-	-	1/1	1/1
Lam Suk Ying, Diana	4/5	-	-	-	-	1/1	1/1
Lam Howard	5/5	-	-	-	-	1/1	1/1
Independent Non-executive Directors							
Leung Shu Yin, William	5/5	-	2/2	1/1	-	1/1	1/1
Fung Cheuk Nang, Clement	5/5	-	2/2	1/1	1/1	1/1	1/1
Woo King Hang	5/5	-	2/2	-	1/1	1/1	1/1

Notes:

During the Year,

- the Directors attended the meetings in person or by other electronic means through audio and/or video conferencing as permitted by the Articles of Association.
- 2024 Adjourned AGM was held on 21 May 2025. The Chairman of the Board and the Chairman of the Audit Committee, Remuneration Committee and the Nomination Committee attended the 2024 Adjourned AGM.
- 2025 AGM was held on 21 May 2025. The Chairman of the Board and the Chairman of the Audit Committee, Remuneration Committee and the Nomination Committee attended the 2025 AGM.

For the Year, Ms. Vanessa Lam met all INEDs without the presence of other Directors after the Board meeting held on 26 November 2025 in compliance with code provision C.2.7 of the CG Code.

Corporate Governance Report

(7) CHAIRMAN AND CHIEF EXECUTIVE

The CG Code provides that the roles of the Chairman and the chief executive should be separate and performed by different individuals.

During the Year and up to the date of this Annual Report, as explained in paragraph (1) above in this Corporate Governance Report, Ms. Vanessa Lam assumed the roles of the Chairman and the CEO simultaneously. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly defined and set out in writing.

(8) NON-EXECUTIVE DIRECTORS

None of the existing NEDs (including INEDs) was appointed for a specific term.

(9) NOMINATION OF DIRECTOR(S)

The Board established the Nomination Committee on 28 January 2022. The Company adopted the Director's Nomination Policy to set out the procedures and criteria for identifying and selecting potential candidates for the appointment of new Director(s) as well as for considering the renewal of director appointment. The Nomination Committee will conduct the relevant selection process against the proposed candidate, make recommendations and furnish with the terms and conditions of the appointment for Board's consideration. The Director's Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the reputation for integrity, accomplishment and experience in the industry which may be relevant to the businesses of the Company, commitment for responsibilities of the Board in respect of available time and relevant interests, potential contributions to the Board with reference to the Board Diversity Policy, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an INED, etc.

The Nomination Committee will review the implementation of Director's Nomination Policy, as appropriate, to ensure its continued effectiveness. The Director's Nomination Policy was last reviewed by the Nomination Committee on 26 March 2025.

The Shareholders may also propose a person for election as a Director, details of which are set out in "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is available under the "Investor Relations" section on the Company's website at www.crocodile.com.hk.

Corporate Governance Report

(10) BOARD DIVERSITY POLICY

The Company adopted a Board Diversity Policy in July 2013 which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board and the Nomination Committee routinely assess the structure, size, and composition of the Board in accordance with the Board Diversity Policy. This continuous evaluation process ensures that the Board remains diverse and supports the Company's ongoing efforts to achieve its diversity objectives. By maintaining a focus on diversity, the Company effectively cultivates a pipeline of potential successors to the Board.

On recommendation from the Nomination Committee, the Board has set measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

A copy of the Board Diversity Policy is available on the Company's website for public information.

The Board and the Nomination Committee had, at its meeting held on 26 March 2025, reviewed the structure, size and composition of the Board with reference to the Board Diversity Policy. The Company considers that the current composition of the Board, two out of its eight members being women, is characterised by diversity, whether considered in terms of gender, professional background and skills. The current Directors have extensive experience and skills in, including but not limited to, operations and management, garment and retail industry, property development and investment, laws, business, accounting and auditing services, management and manufacturing of consumer product and corporate finance, finance and corporate development, brand and product development, etc.

The Board currently comprises two female Directors and six male Directors. The Board considers that the gender diversity in respect of the Board is satisfactory.

Corporate Governance Report

(11) WORKFORCE DIVERSITY POLICY

The Company adopted a Workforce Diversity Policy on 25 March 2026, which outlines its approach to embedding diversity and inclusion across all levels of the Group, from the Board to all employees.

The Company recognise that diversity encompasses both visible and invisible characteristics, including but not limited to gender, age, ethnicity, disability, religion, sexual orientation, family status, educational background, professional experience, and cognitive approaches. Our commitment extends beyond representation to creating an environment where all individuals feel valued, respected and empowered to contribute fully.

The Company adheres to the Workforce Diversity Policy in the workplace and integrate diversity and inclusion throughout the employee lifecycle. The Company endeavours to promote the concept of equal opportunity and nondiscrimination in employment practices. It has established and implemented policies that promote a harmonious and respectful workplace. Equal opportunities are offered to candidates and employees during recruitment, internal transfer and promotion, on the grounds of equality on gender, nationality, marital status, disability and religious belief. Any employee is entitled to the same benefits and equal treatment.

Gender ratio in the workforce (including Management) is 78 (female) and 16 (male), women comprise 83% of all workforce. Details on the gender ratio of the Group together with relevant data can be found in the 2025 ESG Report.

52

(12) WHISTLE-BLOWING POLICY

In compliance with code provision D.2.3 of the CG Code, the Board adopted a Whistle-blowing Policy. It provides formal communication channels for employees and any other persons to raise or report any concerns relating to Malpractices that may have been committed by the Group or its employees in the capacity of employees of the Group and directly addressed to either the Whistle Blowing Sub-committee or Audit Committee by the email account (wb-wb-sc@crocodile.com.hk) and (wb-ac@crocodile.com.hk), respectively. When submitting any concerns on Malpractice, a person need not identify himself. All matters raised by the person will be kept strictly confidential.

The Board and the Audit Committee will regularly review the Whistle-blowing Policy and mechanism to improve its effectiveness.

A copy of the Whistle-blowing Policy has been published on the Company's website for public information.

Corporate Governance Report

(13) ANTI-BRIBERY AND CORRUPTION POLICY

In compliance with code provision D.2.4 of the CG Code, the Board adopted the Anti-Bribery and Corruption Policy. It outlines guidelines and the minimum standards of conduct, all applicable laws and regulations in relation to the anti-bribery and anti-corruption. It defines the responsibilities of employees to resist fraud, safeguard the Group against corrupt practices, and report any suspected misconduct or malpractice via various reporting channels, including via whistleblowing channel, confidentially if one considers appropriate.

The Board and the Audit Committee will review the Anti-Bribery and Corruption Policy and its mechanisms periodically to ensure effectiveness and to reinforce the Group's commitment to prevention, deterrence, detection, and investigation of fraud and corruption.

A copy of the Anti-Bribery and Corruption Policy has been published on the Company's website for public information.

(14) SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code throughout the Year.

53

(15) DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that they are responsible for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group and of the financial performance and cash flows for such reporting period. In doing so, the Directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

More detailed descriptions of the changes in accounting policies and the related financial impacts are included in the audited consolidated financial statements of the Group for the Year.

Corporate Governance Report

(16) INDEPENDENT AUDITOR'S REPORTING RESPONSIBILITY

The statement by the Independent Auditor about its reporting and auditing responsibilities for the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" of this Annual Report.

(17) INDEPENDENT AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

At the 2025 AGM, Ernst & Young, Certified Public Accountants, ("EY") was re-appointed by the Shareholders as the Independent Auditor at a fee to be agreed by the Board. For the year ended 31 December 2025, the fees in respect of the audit and non-audit services provided to the Group by EY amounted to approximately HK\$1,280,000 and HK\$422,500, respectively. The non-audit services represented the preparation for assurance report on the compilation of unaudited pro forma financial information of the Company in connection with the Rights Issue in 2025 and the tax compliance service to the Group for the year of assessment 2024/2025.

(18) RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems of the Group, and the effective risk management and internal control systems enhance the Group's ability in achieving business objectives, safeguarding assets, complying with applicable laws and regulations and contribute to the effectiveness and efficiency of its operations. As such, the Group's internal control procedures include a comprehensive budgeting, information reporting and performance monitoring system. The risk management and internal control systems are designed to manage rather than to eliminate the risk of failure in order to achieve the Group's business objectives, and can only serve as reasonable, but not absolute, assurance of the followings:

- compliance with applicable laws, regulations, rules, policies and procedures;
- reliability and integrity of financial reporting;
- effectiveness and efficiency of operations; and
- prevention and detection of fraud and irregularities.

The Group has established policy and procedures for handling and disseminating inside information of the Group to ensure such information is disseminated to the public in equal and timely manner in accordance with the requirements of SFO and the Listing Rules unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the relevant parties are reminded to preserve the confidentiality of the inside information until it is publicly disclosed. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. Briefing sessions are held regularly for relevant parties to facilitate their understanding and compliance with the policy and procedures. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Corporate Governance Report

(18) RISK MANAGEMENT AND INTERNAL CONTROL (continued)

With a view to manage the Group's business and operational risk and to ensure smooth operation, the Group has outsourced the internal audit function to the Cheng & Cheng Risk Advisory Services Limited ("C&C"), independent advisor during the Year, to assist the Board and the Audit Committee in on-going monitoring of the risk management and internal control systems of the Group.

The periodic reviews have covered all material controls, including financial, operational and compliance controls of the Group. During the Year, C&C has assisted the Board in evaluating (i) the various components of the internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities; (ii) the cycle of revenue controls on Treasury Management; (iii) Human Resources Control; and (iv) Information Technology General Controls. Appropriate recommendations for further enhancing the internal control system have been adopted. The internal control review report of the Company prepared by C&C has been presented to and reviewed by the Audit Committee and the Board. The Board considers that the Group's internal control system for the Year and up to the date of this Annual Report is effective and adequate.

Since March 2016, the Audit Committee has been delegated with the responsibilities to review the effectiveness of the Group's risk management system annually in compliance with the CG Code.

A risk management policy which sets out the Group's approach and methodology in establishing the risk assessment mechanism and managing risks in order to protect the Group from those risks of significant impact and vulnerability has been adopted by the Board since July 2017.

During the Year, the Audit Committee has supported the Board in monitoring the Group's risk exposures, the design and operating effectiveness of the risk management and internal control systems by overseeing the following processes:

- reviewing the policy of the Group's risk management system;
- reviewing the risk reports and evaluating the risk inventory list and the related action plan assigned for the identified risks;
- conducting regular management meetings to discuss and handle the identified risks and internal control risks; and
- reviewing the findings made by the Independent Auditor in respect of issues encountered during the processes of annual audit.

During the Year, C&C has assisted the Group's management to carry out an entity-level risk assessment which includes identification, evaluation and prioritisation of risk factors that the Group is facing; and to propose the recommendations on a timely basis to ensure prompt remediation actions to be taken. The risk management report of the Company prepared by C&C have been presented to and reviewed by the Audit Committee and the Board. The Board has addressed the identified risk factors and considers that the Group's risk management system in place for the Year and up to the date of this Annual Report is effective and adequate.

Corporate Governance Report

(19) COMPANY SECRETARY

The Company Secretary is an employee of the Company appointed by the Board. During the Year, the Company Secretary has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

(20) COMMUNICATION WITH SHAREHOLDERS

(20.1) Shareholders' Communication Policy

On 27 March 2012, the Board adopted a shareholders' communication policy ("**Shareholders' Communication Policy**") and has been revised on 25 March 2026 reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

- (i) The Company will disseminate corporate communications to Shareholders electronically through the Company website (www.crocodile.com.hk) and the HKEXnews website (www.hkexnews.hk), and printed copies of corporate communication(s) will be sent to Shareholders upon their request.

Corporate Governance Report

(20) COMMUNICATION WITH SHAREHOLDERS(continued)

(20.1) Shareholders' Communication Policy (continued)

- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website and the Articles of Association is made available on the respective websites of the Stock Exchange and the Company;
- (iv) annual general meetings and general meetings of the Company provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company; and
- (v) the Company's share registrar ("**Registrar**") serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

(20.2) New Arrangements on Dissemination of Corporate Communications

Pursuant to the amended Rule 2.07A of the Listing Rules and the articles of association of Company, the Company will disseminate the future corporate communications of the Company ("**Corporate Communications**") to its Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request came into effect on 19 December 2025.

The Company will make the Corporate Communications available on its website (www.crocodile.com.hk) and the Stock Exchange's website (www.hkexnews.hk). Shareholders may access the Corporate Communications by clicking "Investor Relations" on the home page of the Company's website then selecting "Financial Reports" for annual and interim reports and "Announcements, Circulars & Reports" for other Corporate Communication(s); or browsing through the website of the Stock Exchange. The Shareholders are encouraged to proactively monitor the availability of all future Corporate Communications on the websites and access the Website Version of Corporate Communications by themselves.

For details, please refer to the Letter to the Shareholders of the Company dated 19 December 2025.

Corporate Governance Report

(20) COMMUNICATION WITH SHAREHOLDERS (continued)

(20.3) Details of the Annual General Meetings during the Year

(1) 2024 Adjourned Annual General Meeting (“2024 Adjourned AGM”)

The 2024 Adjourned AGM, was held at 11:00 a.m. on 21 May 2025 at The Garden Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. At 2024 Adjourned AGM, Shareholders approved by a vast majority of votes the adoption of the audited financial statements of the Company for the 17 months period from 1 August 2023 to 31 December 2024 and the reports of the directors and the independent auditor thereon.

The notice of 2024 Adjourned AGM and the poll results announcement in respect of the 2024 Adjourned AGM were published on the respective websites of the Stock Exchange and the Company on 17 April 2025 and 21 May 2025, respectively.

(2) 2025 Annual General Meeting (“2025 AGM”)

The 2025 AGM, was held at 11:15 a.m. on 21 May 2025 at The Garden Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. At 2025 AGM, Shareholders approved by a vast majority of votes (i) the adoption of the audited financial statements of the Company for the 17 months period from 1 August 2023 to 31 December 2024 and the reports of the directors and the independent auditor thereon; (ii) the re-election of Mr. Chow Bing Chiu, Ms. Lam Suk Ying, Diana and Mr. Woo King Hang as Directors; (iii) the authorisation of the Board to fix the Directors’ remuneration; (iv) the re-appointment of EY as the independent auditor of the Company; and (v) the granting to the Directors the general mandates to buy back the Shares and to allot, issue and deal with additional Shares, and to extend the general mandate granted to the Directors to issue Shares by adding the number of Shares to be bought back.

The notice of 2025 AGM and the poll results announcement in respect of the 2025 AGM were published on the respective websites of the Stock Exchange and the Company on 17 April 2025 and 21 May 2025, respectively.

The Board is of the view that the implementation and effectiveness of the Shareholders’ Communication Policy conducted during the Year is satisfactory.

Corporate Governance Report

(21) SHAREHOLDERS' RIGHTS

(21.1) Procedures for Shareholders to Call a General Meeting ("GM")

Pursuant to the Articles of Association and Section 566 of the Companies Ordinance, registered Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at GMs ("**GM Requisitionists**") can deposit a written request to call a GM at the registered office of the Company ("**Registered Office**"), which is presently situated at the 25/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong for the attention of the Company Secretary.

The GM Requisitionists must state in their request(s) the general nature of the business to be dealt with at the GM and such request(s) must be authenticated by all the GM Requisitionists and may consist of several documents in like form.

The Registrar will verify the GM Requisitionists' particulars in the GM Requisitionists' request. Promptly after confirmation from the Registrar that the GM Requisitionists' request is in order, the Company Secretary will arrange with the Board to call a GM by serving sufficient notice to all registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the GM Requisitionists' request is verified not in order, the GM Requisitionists will be advised of the outcome and accordingly, a GM will not be called as requested.

The GM Requisitionists, or any of them representing more than one-half (50%) of the total voting rights of all of them, may themselves call a GM if within twenty-one (21) days of the deposit of the GM Requisitionists' request, the Board does not proceed duly to call a GM for a day not more than twenty-eight (28) days after the date on which the notice calling the GM is given, provided that any GM so called is held within three (3) months from the date of the original GM Requisitionists' request. Any reasonable expenses incurred by the GM Requisitionists by reason of the Board's failure to duly call a GM shall be repaid to the GM Requisitionists by the Company.

Corporate Governance Report

(21) SHAREHOLDERS' RIGHTS (continued)

(21.2) Procedures for Putting Forward Proposals at Annual General Meeting

Pursuant to Sections 580 and 615 of the Companies Ordinance, either any number of the registered Shareholders representing at least 2.5% of the total voting rights of all Shareholders who have a right to vote on the resolution at the annual general meeting or at least fifty (50) registered Shareholders who have a right to vote on the resolution at the annual general meeting (“**Requisitionists**”) can request the Company in writing to (a) give to the Shareholders entitled to receive notice of the annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to the Shareholders entitled to receive notice of any GM any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition duly signed by the Requisitionists must be authenticated by the person or persons making it and sent to the Company at its Registered Office stated in paragraph (21.1) above no later than six (6) weeks before the annual general meeting in case of a requisition requiring notice of a resolution or not less than one (1) week before the GM in case of a requisition requiring circulation of statement.

Pursuant to the Companies Ordinance, the Company that is required under Sections 615 and 580 of the Companies Ordinance to give notice of a resolution/circulate a statement (as the case may be) must send a copy of it at the Company's own expense to each Shareholder entitled to receive notice of the annual general meeting in the same manner as the notice of the meeting; and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

(21.3) Procedures for Proposing a Person for Election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures set out in “Procedures for Shareholders to Propose a Person for Election as a Director of the Company” which made available under the “Investor Relations” section on the Company's website at www.crocodile.com.hk.

Corporate Governance Report

(21) SHAREHOLDERS' RIGHTS (continued)

(21.4) Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

25th Floor, Crocodile Center
79 Hoi Yuen Road
Kwun Tong
Kowloon, Hong Kong

Fax: (852) 2742 6733
E-mail: corpadmin@crocodile.com.hk

Shareholders may also make enquiries with the Board at the GMs.

(22) DIVIDEND POLICY

The Board adopted a dividend policy ("**Dividend Policy**") on 28 January 2019 setting out the criteria and forms of dividend payout of the Company.

The Dividend Policy does not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account of factors such as (i) the Group's actual and expected underlying financial performance; (ii) the shareholders' interests; (iii) business condition and strategies; (iv) expected working capital requirements and future business growth plans; and (v) any other factors that the Board may consider appropriate.

There is no assurance that a dividend will be proposed or declared in any particular amount for any specific periods. Any declaration and payment of future dividends under the Dividend Policy will be subject to the Articles of Association and the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may adopt changes as appropriate at the relevant time to ensure the effectiveness of the Dividend Policy.

(23) CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Articles of Association which are available on both the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.crocodile.com.hk.

Corporate Governance Report

(24) INVESTOR RELATIONS

The Company keeps on promoting good investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by phone on (852) 2785 3898 during normal business hours, by fax at (852) 2786 0190 or by e-mail at corpadmin@crocodile.com.hk.

Key Dates

Shareholders and investors are advised to note the following key dates of the Company and take appropriate action:

	For Financial Year 2025
Final results announcement for the Year	25 March 2026
Latest time and date to lodge transfer documents with the Registrar on for entitlement to attending and voting at the 2026 AGM	4:30 p.m. on 19 May 2026
2026 AGM	27 May 2026

(25) OTHER CHANGES DURING THE YEAR AND AFTER THE YEAR END

62

(25.1) Terms of Reference of Nomination Committee

The terms of reference of the Nomination Committee of the Company has been updated in respect of the relevant amendments to the Corporate Governance Code under the Listing Rules on the Stock Exchange with effect from 1 September 2025. The full text of the updated terms of reference of the Nomination Committee is available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.crocodile.com.hk.

(25.2) Change of Share Registrar and Transfer Office

The share registrar and transfer office has been changed from Tricor Tengis Limited to Tricor Investor Services Limited with effect from 2 July 2025. For details, please refer to the Company's announcement dated 4 June 2025.

Independent Auditor's Report



TO THE MEMBERS OF CROCODILE GARMENTS LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Crocodile Garments Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 68 to 163, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent Auditor's Report

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

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

Investment properties are stated at fair value. The carrying amount of investment properties as at 31 December 2025 was approximately HK\$1,622,977,000.

Significant judgements and assumptions are required to determine the fair values of the investment properties. To support management's determination of the fair values, the Group engaged external valuers to perform valuations on the investment properties at the end of the reporting period.

Related disclosures are included in notes 3 and 15 to the financial statements.

Our audit procedures included, among others, (i) involving our internal valuation specialists to assist us to evaluate the valuation methodologies and certain key assumptions used in the valuations; (ii) assessing the key estimates and assumptions based on available information; and (iii) evaluating the objectivity, independence and competency of the external valuers. We also assessed the related disclosures in the consolidated financial statements.

Independent Auditor's Report

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Ying (practising certificate number: P04302).

Ernst & Young
Certified Public Accountants
27/E, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

25 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
REVENUE	5	92,285	137,631
Cost of sales		<u>(19,212)</u>	<u>(26,602)</u>
Gross profit		73,073	111,029
Other income	5	13,396	26,217
Selling and distribution expenses		(38,120)	(64,344)
Administrative expenses		(52,892)	(76,195)
Fair value losses on investment properties	15	(73,128)	(23,193)
Other gains, net	8	426	20,617
Finance costs	7	(29,457)	(63,076)
Share of loss of an associate		<u>(2,786)</u>	<u>(1,026)</u>
LOSS BEFORE TAX	6	(109,488)	(69,971)
Income tax credit	11	<u>1,488</u>	<u>20,075</u>
Loss for the year/period attributable to owners of the Company		<u>(108,000)</u>	<u>(49,896)</u>
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (HK cents)	13	<u>(147.18)</u>	<u>(70.21)</u>
– Diluted (HK cents)	13	<u>(147.18)</u>	<u>(70.21)</u>

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Loss for the year/period	<u>(108,000)</u>	<u>(49,896)</u>
Other comprehensive income/(expenses)		
<i>Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	7,394	(4,427)
Reclassification adjustments of foreign operations deregistered during the period	<u>-</u>	<u>(3,307)</u>
	<u>7,394</u>	<u>(7,734)</u>
<i>Other comprehensive income that will not be subsequently reclassified to profit or loss:</i>		
Revaluation gain on transfer of property, plant and equipment to investment properties	<u>2,511</u>	<u>-</u>
Other comprehensive income/(expenses) for the year/period	<u>9,905</u>	<u>(7,734)</u>
Total comprehensive expenses for the year/period attributable to owners of the Company	<u>(98,095)</u>	<u>(57,630)</u>

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	41,469	44,608
Investment properties	15	1,622,977	1,678,512
Right-of-use assets	16(a)	76,107	87,893
Financial assets at fair value through profit or loss	20	55,260	52,987
Interest in an associate	17	46,325	49,111
Amount due from an associate	17	7,476	7,935
Deposits	19	2,113	3,335
Total non-current assets		1,851,727	1,924,381
CURRENT ASSETS			
Inventories	18	17,787	16,111
Trade and other receivables, deposits and prepayments	19	14,184	11,337
Financial assets at fair value through profit or loss	20	107,558	82,746
Pledged bank deposits	21	2,742	1,434
Cash and cash equivalents	21	124,598	155,897
Total current assets		266,869	267,525
CURRENT LIABILITIES			
Trade payables, other payables and deposits received	22	27,895	21,162
Financial liabilities at fair value through profit or loss	20	354	4,062
Interest-bearing bank borrowings	23	166,365	166,792
Margin loans payable	24	5,523	3,491
Lease liabilities	16(b)	7,683	13,577
Total current liabilities		207,820	209,084
NET CURRENT ASSETS		59,049	58,441
TOTAL ASSETS LESS CURRENT LIABILITIES		1,910,776	1,982,822

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Other payables and deposits received	22	11,250	10,609
Financial liabilities at fair value through profit or loss	20	4,421	–
Interest-bearing bank borrowings	23	498,511	523,305
Provision		753	800
Lease liabilities	16(b)	4,982	4,607
Deferred tax liabilities	25	18,029	19,554
Total non-current liabilities		537,946	558,875
Net assets		1,372,830	1,423,947
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	421,614	374,636
Reserves		951,216	1,049,311
Total equity		1,372,830	1,423,947

Lam Wai Shan, Vanessa
Director

Chow Bing Chiu
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Notes	Attributable to owners of the Company				
		Share capital	Translation reserve	Asset revaluation reserve	Retained profits	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2023		374,636	9,851	216,301	880,789	1,481,577
Loss for the period		-	-	-	(49,896)	(49,896)
Other comprehensive expenses for the period:						
Exchange differences on translation of foreign operations		-	(4,427)	-	-	(4,427)
Reclassification adjustments of foreign operations deregistered during the period	29	-	(3,307)	-	-	(3,307)
Total comprehensive expenses for the period		-	(7,734)	-	(49,896)	(57,630)
At 31 December 2024 and at 1 January 2025		374,636	2,117*	216,301*	830,893*	1,423,947
Loss for the year		-	-	-	(108,000)	(108,000)
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations		-	7,394	-	-	7,394
Gain on property revaluation		-	-	2,511	-	2,511
Total comprehensive expenses for the year		-	7,394	2,511	(108,000)	(98,095)
Issue of shares	26	48,678	-	-	-	48,678
Share issue expenses	26	(1,700)	-	-	-	(1,700)
At 31 December 2025		421,614	9,511*	218,812*	722,893*	1,372,830

* These reserve accounts comprise the consolidated reserves of HK\$951,216,000 (seventeen months ended 31 December 2024: HK\$1,049,311,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

		Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(109,488)	(69,971)
Adjustments for:			
Finance costs	7	29,457	63,076
Bank interest income	5	(1,952)	(8,719)
Interest income on amount due from an associate	5	(391)	(658)
Interest income on finance lease	5	(16)	–
Share of loss of an associate		2,786	1,026
Provision for slow-moving inventories	6	653	1,724
Depreciation of property, plant and equipment	6	5,654	8,323
Depreciation of right-of-use assets	6	14,881	22,496
Gain on disposal of items of property, plant and equipment	8	(149)	(8,257)
Gain on a finance lease arrangement	8	(605)	–
Impairment of trade and other receivables	8	296	451
Impairment of right-of-use assets	8	–	3,109
Impairment of property, plant and equipment	8	–	1,158
Net gains on financial instruments at fair value through profit or loss	8	(172)	(8,564)
Net gain on deregistration of foreign operations	8	–	(8,389)
Fair value losses on investment properties	15	73,128	23,193
		14,082	19,998
Increase in inventories		(2,096)	(3,363)
Decrease/(increase) in financial instruments at fair value through profit or loss		(26,200)	36,141
Decrease/(increase) in trade and other receivables, deposits and prepayments		(1,725)	6,235
Decrease in amount due from a related company		–	503
Increase/(decrease) in trade payables, other payables and deposits received		6,521	(4,598)
Cash generated from/(used in) operations		(9,418)	54,916
Interest paid		(29,457)	(63,076)
Mainland China tax paid		(6)	–
Net cash flows used in operating activities		(38,881)	(8,160)

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,100	8,783
Proceeds from disposal of items of property, plant and equipment		150	8,257
Placement of pledged bank deposits		(1,308)	(855)
Purchase of items of property, plant and equipment		(4,884)	(2,721)
Repayment from an associate		850	849
Principal portion of finance lease received		384	–
Net cash flows from/(used in) investing activities		<u>(2,708)</u>	<u>14,313</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	26	48,678	–
Share issue expenses	26	(1,700)	–
New bank borrowings		10,000	15,000
Repayment of bank borrowings		(35,221)	(75,404)
New margin loans		2,032	–
Repayment of margin loans		–	(53)
Repayment of lease liabilities		(14,309)	(18,950)
Net cash flows from/(used in) financing activities		<u>9,480</u>	<u>(79,407)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(32,109)	(73,254)
Cash and cash equivalents at beginning of year/period		155,897	229,445
Effects of foreign exchange rate changes, net		810	(294)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>124,598</u>	<u>155,897</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	<u>124,598</u>	<u>155,897</u>

Notes to Financial Statements

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

Crocodile Garments Limited (the “**Company**”) is a company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and principal place of business of the Company is 25th Floor, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the sale of garments and related accessories, property investment and letting and treasury management.

In the opinion of the directors of the Company (the “**Directors**”), Honorman Limited, a company incorporated in Hong Kong, is considered as the parent and ultimate parent company of the Company.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Crocodile (China) Limited	Hong Kong	HK\$4	–	100	Investment holding
Crocodile KT Investment Limited	Hong Kong	HK\$1	–	100	Property investment
Dackart Trading Company Limited	Hong Kong	HK\$20	–	100	Property investment
Crocodile Garments (Hong Kong) Limited	Hong Kong	HK\$1	–	100	Garment trading
Crocodile Garments (Zhongshan) Limited* 鱷魚恤(中山)有限公司	People’s Republic of China (the “ PRC ”)/ Mainland China	HK\$17,200,000	–	100	Property investment
Guangzhou Crocodile Garments Commercial Limited* 廣州鱷魚恤商業有限公司	PRC/Mainland China	HK\$5,000,000	–	100	Garment trading
Stargem Limited	Hong Kong	HK\$1	–	100	Property investment
Public Global Investments Limited	Hong Kong	HK\$1	–	100	Property investment
Pure Goal Limited	British Virgin Islands (“ BVI ”)	US\$1	100	–	Investment holding
Purewell Limited	Hong Kong	HK\$1	–	100	Property investment

* These subsidiaries are wholly-foreign-owned enterprises under PRC law. The English names are for identification purposes only.

Notes to Financial Statements

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Change of financial year end date

Following the change of the Company's financial year end date from 31 July to 31 December, the current financial year covers a period of twelve months from 1 January 2025 to 31 December 2025. The comparative period covers a period of seventeen months from 1 August 2023 to 31 December 2024, which may not be comparable with amounts shown for the current year.

Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets/(liabilities) at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and branches for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

78

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

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

80

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES

Interest in an associate

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

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

84

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	Over the shorter of the lease terms and 2% to 4.5%
Plant and machinery	10%
Furniture and fixtures and leasehold improvements	Over the shorter of the lease terms and 10% to 20%
Computer equipment	20%
Motor vehicles	20%

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 *Property, Plant and Equipment*. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

Leases

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

Group as a lessee

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

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

Leasehold land	42 to 50 years
Leased premises	2 to 3 years

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

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) *Lease liabilities*

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) *Lease liabilities* (continued)

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

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

90

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

92

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

Impairment of financial assets

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

General approach

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

94

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and structured products, to hedge its interest rate risk and equity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

96

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

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

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sale of goods

Revenue from the sale of garments and related accessories is recognised at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Royalty income is recognised on a time proportion basis in accordance with the substance of the relevant agreements.

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

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

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

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

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

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

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

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension schemes

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

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

Borrowing costs

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Notes to Financial Statements

For the year ended 31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Notes to Financial Statements

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Property lease classification – Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

102

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to Financial Statements

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment properties and concluded that the Group's investment properties located in Hong Kong are held under a business model whose objective is through sale, rather than to consume substantially all of the economic benefits embodied in the investment properties over time. In measuring the Group's deferred taxation on such investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale will not be rebutted.

Estimation uncertainty

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

Valuation of fair values of investment properties

As at 31 December 2025, the Group's investment properties amounted to approximately HK\$1,622,977,000 (2024: HK\$1,678,512,000). They are stated at fair value, as determined by the Directors, based on independent external appraisals. The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location, expectation of future rentals and the discount yield applied to those cash flows. Favourable and unfavourable changes to these factors would result in changes in the valuation of the Group's investment properties. Further details are contained in note 15 to the financial statements.

Provision for obsolete and slow-moving inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group makes provisions based on estimates of the net realisable value with reference to the age and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories are reviewed semi-annually for obsolete and slow-moving inventory items, if appropriate. As at 31 December 2025, the carrying amount of inventories of the Group was approximately HK\$17,787,000 (2024: HK\$16,111,000), net of allowance for inventories of approximately HK\$6,708,000 (2024: HK\$5,986,000). Further details are contained in note 18 to the financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment of property, plant, equipment and right-of-use assets at the end of each reporting period. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. In assessing value in use, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

As at 31 December 2025, the carrying amounts of property, plant and equipment and right-of-use assets were approximately HK\$41,469,000 and HK\$76,107,000 (2024: HK\$44,608,000 and HK\$87,893,000), respectively. Further details are disclosed in notes 14 and 16(a) to the financial statements, respectively.

Impairment of trade and other receivables

The impairment provisions for trade and other receivables are based on ECLs. The Group uses judgement in making assumptions and selecting the inputs to the ECL model, based on the ageing of trade and other receivables as well as the Group's historical loss rates and forward-looking factors at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. The ECL on trade and other receivables is assessed collectively by using a provision matrix with appropriate groupings and/or an individual basis for debtors with significant balances or credit impaired. The information about the ECLs on the Group's trade and other receivables is disclosed in note 19 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was HK\$17,819,000 (2024: HK\$18,947,000). The amount of unrecognised tax losses at 31 December 2025 was HK\$623,522,000 (2024: HK\$559,853,000). Further details are contained in note 25 to the financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (i) the garment and related accessories business;
- (ii) the property investment and letting business; and
- (iii) treasury management.

(a) Segment revenue and results

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. During the year ended 31 December 2025, the directors have reassessed the basis of adjusted loss before tax for reportable operating segments and considered that it is more appropriate to be measured consistently with the Group’s loss before tax except that finance costs, certain other income, other gains, net, and corporate expenses are excluded from such measurement. The directors believe that the current presentation could provide better understanding to the users of the financial statements to evaluate the Group’s operating performance. Accordingly, the comparative figures in segment results have been restated.

Notes to Financial Statements

For the year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

Year ended 31 December 2025

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	Seventeen months ended		Seventeen months ended		Seventeen months ended		Seventeen months ended	
	Year ended 31 December 2025	31 December 2024	Year ended 31 December 2025	31 December 2024	Year ended 31 December 2025	31 December 2024	Year ended 31 December 2025	31 December 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	38,633	60,382	53,652	77,249	-	-	92,285	137,631
Other income from external customers	8,990	13,563	394	680	-	-	9,384	14,243
Group's total revenue and other income	47,623	73,945	54,046	77,929	-	-	101,669	151,874
Reportable segment profit/(loss)								
before gain on disposal of properties, property revaluation and share of loss of an associate	(11,911)	(16,833)	41,706	61,121	1,084	14,880	30,879	59,168
Gain on disposal of properties	-	-	-	8,250	-	-	-	8,250
Fair value losses on investment properties	-	-	(73,128)	(23,193)	-	-	(73,128)	(23,193)
Share of loss of an associate	-	-	(2,786)	(1,026)	-	-	(2,786)	(1,026)
Reportable segment profit/(loss)	(11,911)	(16,833)	(34,208)	45,152	1,084	14,880	(45,035)	43,199
Unallocated corporate income							4,012	11,974
Unallocated corporate expenses							(39,008)	(62,068)
Finance costs							(29,457)	(63,076)
Loss before tax							(109,488)	(69,971)

Notes to Financial Statements

For the year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

As at 31 December 2025

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
ASSETS								
Segment assets	138,310	152,247	1,690,128	1,746,595	126,665	100,063	1,955,103	1,998,905
Unallocated corporate assets							163,493	193,001
Total consolidated assets							2,118,596	2,191,906
LIABILITIES								
Segment liabilities	32,909	31,622	19,654	19,133	10,298	7,553	62,861	58,308
Unallocated corporate liabilities							682,905	709,651
Total consolidated liabilities							745,766	767,959

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain non-current financial assets at fair value through profit or loss (“FVTPL”), pledged bank deposits and cash and cash equivalents.
- all liabilities are allocated to reportable and operating segments, other than interest-bearing bank borrowings and deferred tax liabilities.

Notes to Financial Statements

For the year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

(c) Other segment information

Year ended 31 December 2025

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	Seventeen months ended		Seventeen months ended		Seventeen months ended		Seventeen months ended	
	Year ended 31 December 2025	31 December 2024	Year ended 31 December 2025	31 December 2024	Year ended 31 December 2025	31 December 2024	Year ended 31 December 2025	31 December 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Amounts included in the measure of
segment profit or loss or segment assets:

Interest in an associate	-	-	46,325	49,111	-	-	46,325	49,111
Additions to property, plant and equipment	3,096	2,226	2,206	4,562	-	-	5,302	6,788
Additions of right-of-use assets	9,194	20,011	-	-	-	-	9,194	20,011
Depreciation	19,121	29,100	1,414	1,719	-	-	20,535	30,819
Impairment of trade and other receivables	1	451	295	-	-	-	296	451
Impairment of right-of-use assets	-	3,109	-	-	-	-	-	3,109
Impairment of property, plant and equipment	-	1,158	-	-	-	-	-	1,158
Fair value losses on investment properties	-	-	73,128	23,193	-	-	73,128	23,193
Provision for slow-moving inventories	653	1,724	-	-	-	-	653	1,724
Gain on disposal of items of property, plant and equipment	(149)	(7)	-	(8,250)	-	-	(149)	(8,257)
Net losses/(gains) on financial instruments at FVTPL								
- interest rate swaps	-	-	-	-	9,639	(4,588)	9,639	(4,588)
- others	-	-	-	-	(10,723)	(10,292)	(10,723)	(10,292)
Interest income from an associate	-	-	(391)	(658)	-	-	(391)	(658)

Notes to Financial Statements

For the year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

(d) Geographical information

(i) Revenue from external customers

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Hong Kong and Macau	87,736	130,060
Mainland China	<u>4,549</u>	<u>7,571</u>
Total revenue	<u>92,285</u>	<u>137,631</u>

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

(ii) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong and Macau	1,642,689	1,711,566
Mainland China	<u>144,189</u>	<u>148,558</u>
Total non-current assets	<u>1,786,878</u>	<u>1,860,124</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

(e) Information about major customers

During the year ended 31 December 2025 and seventeen months ended 31 December 2024, none of the Group's customers contributed 10% or more of the Group's total revenue.

Notes to Financial Statements

For the year ended 31 December 2025

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
<i>Revenue from contracts with customers</i>		
Sales of goods transferred at a point of time	38,633	60,382
<i>Revenue from other sources</i>		
Gross rental income	<u>53,652</u>	<u>77,249</u>
Total	<u>92,285</u>	<u>137,631</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

110

During the year ended 31 December 2025 and seventeen months ended 31 December 2024, all the revenue from contracts with customers was derived from the segment of garment and related accessories business.

Garment and related accessories business

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
GEOGRAPHICAL MARKETS		
Hong Kong and Macau	36,209	55,831
Mainland China	<u>2,424</u>	<u>4,551</u>
Total	<u>38,633</u>	<u>60,382</u>

Notes to Financial Statements

For the year ended 31 December 2025

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery of the goods. Other than cash sales made at retail shops of the Group, the Group allows credit periods of 30 to 60 days for receivables from department stores in which sales counters are located while the average credit period on credit card sales and sales by other electronic payment methods is 7 days.

An analysis of other income is as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Other income		
Royalty income	8,962	13,502
Bank interest income	1,952	8,719
Interest income on amount due from an associate	391	658
Interest income on finance lease	16	–
Others	2,075	3,338
	<hr/>	<hr/>
Total other income	13,396	26,217
	<hr/>	<hr/>

Notes to Financial Statements

For the year ended 31 December 2025

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
	Notes		
Cost of inventories sold		17,493	23,692
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		3,473	5,384
Provision for slow-moving inventories*		653	1,724
Depreciation of property, plant and equipment	14	5,654	8,323
Depreciation of right-of-use assets	16(a)	14,881	22,496
Lease payments not included in the measurement of lease liabilities	16(c)	804	2,576
Auditor's remuneration		1,280	1,280
Employee benefit expense (including directors' remuneration (note 9)):			
Salaries, bonuses and other benefits		32,596	49,062
Pension scheme contributions (defined contribution schemes)**		1,107	1,641
Total		33,703	50,703

* The provision for slow-moving inventories for the year/period is included in "Cost of sales" in the consolidated statement of profit or loss.

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

Notes to Financial Statements

For the year ended 31 December 2025

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Interest on bank borrowings	28,785	61,367
Interest on lease liabilities	<u>672</u>	<u>1,709</u>
Total	<u>29,457</u>	<u>63,076</u>

8. OTHER GAINS, NET

An analysis of other gains, net is as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Impairment of trade and other receivables	(296)	(451)
Gain on disposal of items of property, plant and equipment	149	8,257
Net gains/(losses) on financial instruments at FVTPL		
– interest rate swaps	(9,639)	4,588
– investment in preference shares	(912)	(6,316)
– others	10,723	10,292
Net gain on deregistration of foreign operations (note 29)	–	8,389
Impairment of right-of-use assets (note 16(a))	–	(3,109)
Impairment of property, plant and equipment (note 14)	–	(1,158)
Gain on a finance lease arrangement	605	–
Foreign exchange differences, net	(203)	107
Others	<u>(1)</u>	<u>18</u>
Total other gains, net	<u>426</u>	<u>20,617</u>

Notes to Financial Statements

For the year ended 31 December 2025

9. DIRECTORS' REMUNERATION

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

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Fees	956	1,255
Other emoluments:		
Salaries, allowances and benefits	4,176	5,697
Discretionary bonuses	608	847
Pension scheme contributions	18	26
Subtotal	<u>4,802</u>	<u>6,570</u>
Total	<u>5,758</u>	<u>7,825</u>

114

(a) Independent non-executive directors

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

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Mr. Fung Cheuk Nang, Clement	156	216
Mr. Leung Shu Yin, William	156	216
Mr. Woo King Hang	156	216
Total	<u>468</u>	<u>648</u>

There were no other emoluments payable to the independent non-executive directors during the year/period.

Notes to Financial Statements

For the year ended 31 December 2025

9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2025					
Executive directors:					
Ms. Lam Wai Shan, Vanessa	10	4,176	608	18	4,812
Mr. Lam Kin Hong, Matthew	10	-	-	-	10
Subtotal	20	4,176	608	18	4,822
Non-executive directors:					
Ms. Lam Suk Ying, Diana	156	-	-	-	156
Mr. Howard Lam [^]	156	-	-	-	156
Mr. Chow Bing Chiu	156	-	-	-	156
Subtotal	468	-	-	-	468
Total	488	4,176	608	18	5,290

[^] appointed on 13 December 2023

Notes to Financial Statements

For the year ended 31 December 2025

9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

	Fees HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Seventeen months ended					
31 December 2024					
Executive directors:					
Ms. Lam Wai Shan, Vanessa	14	5,697	847	26	6,584
Dr. Lam Kin Ngok, Peter ^{^^}	4	-	-	-	4
Mr. Lam Kin Hong, Matthew	14	-	-	-	14
Subtotal	32	5,697	847	26	6,602
Non-executive directors:					
Ms. Lam Suk Ying, Diana	196	-	-	-	196
Mr. Howard Lam	163	-	-	-	163
Mr. Chow Bing Chiu	216	-	-	-	216
Subtotal	575	-	-	-	575
Total	607	5,697	847	26	7,177

^{^^} resigned on 14 December 2023

There was no arrangement under which a director waived or agreed to waive any remuneration during the year/period.

Notes to Financial Statements

For the year ended 31 December 2025

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director of the Company (seventeen months ended 31 December 2024: one), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (seventeen months ended 31 December 2024: four) highest paid employees who are neither a director nor the chief executive of the Company are as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Salaries and allowances	4,968	6,732
Performance related bonuses	331	511
Pension scheme contributions	72	102
Total	<u>5,371</u>	<u>7,345</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Year ended 31 December 2025	Seventeen months ended 31 December 2024
HK\$1,000,001 to HK\$1,500,000	3	1
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,500,001 to HK\$3,000,000	-	1
Total	<u>4</u>	<u>4</u>

Notes to Financial Statements

For the year ended 31 December 2025

11. INCOME TAX

No Hong Kong current tax has been provided for the year ended 31 December 2025 and seventeen months ended 31 December 2024 as the Group either has unused tax losses available to offset against assessable profits or there was no estimated assessable profits for the year and the period.

Tax on the profits assessable in Mainland China has been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Current – Mainland China		
Charge for the year	6	–
Overprovision in prior periods	–	(19,291)
Deferred (note 25)	<u>(1,494)</u>	<u>(784)</u>
Total tax credit for the year/period	<u>(1,488)</u>	<u>(20,075)</u>

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax credit at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Year ended 31 December 2025

	Hong Kong HK\$'000	%	Mainland China HK\$'000	%	Total HK\$'000	%
Loss before tax	<u>(99,212)</u>		<u>(10,276)</u>		<u>(109,488)</u>	
Tax at the statutory tax rate	(16,370)	16.5	(2,569)	25.0	(18,939)	17.3
Income not subject to tax	(2,528)	2.6	(1)	–	(2,529)	2.3
Expenses not deductible for tax	12,305	(12.4)	1,320	(12.8)	13,625	(12.4)
Losses attributable to an associate	460	(0.5)	–	–	460	(0.5)
Tax losses not recognised	10,797	(10.9)	305	(3.0)	11,102	(10.1)
Tax losses utilised from previous periods	–	–	(543)	5.3	(543)	0.5
Others	<u>(4,664)</u>	4.7	<u>–</u>	–	<u>(4,664)</u>	4.3
Tax amount/(credit) at the Group's effective rate	<u>–</u>	–	<u>(1,488)</u>	14.5	<u>(1,488)</u>	1.4

Notes to Financial Statements

For the year ended 31 December 2025

11. INCOME TAX (continued)

Seventeen months ended 31 December 2024

	Hong Kong		Mainland China		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Loss before tax	(64,468)		(5,503)		(69,971)	
Tax at the statutory tax rate	(10,637)	16.5	(1,376)	25.0	(12,013)	17.2
Adjustments of current tax in respect of previous periods	-	-	(19,291)	350.6	(19,291)	27.6
Income not subject to tax	(4,622)	7.2	(39)	0.7	(4,661)	6.7
Expenses not deductible for tax	5,661	(8.8)	1,386	(25.2)	7,047	(10.1)
Losses attributable to an associate	169	(0.3)	-	-	169	(0.3)
Tax losses not recognised	7,128	(11.0)	-	-	7,128	(10.2)
Tax losses utilised from previous periods	(22)	-	(755)	13.7	(777)	1.1
Others	2,323	(3.6)	-	-	2,323	(3.3)
Tax amount/(credit) at the Group's effective rate	-	-	(20,075)	364.8	(20,075)	28.7

The share of tax attributable to an associate amounted to HK\$22,000 (seventeen months ended 31 December 2024: HK\$14,000) and is included in "Share of loss of an associate" in the consolidated statement of profit or loss.

12. DIVIDENDS

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 December 2025 (seventeen months ended 31 December 2024: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year/period attributable to owners of the Company, and the weighted average number of ordinary shares of approximately 73,377,408 (seventeen months ended 31 December 2024: 71,065,777 (restated)) outstanding during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2025 and seventeen months ended 31 December 2024 in respect of a dilution as the Company had no dilutive potential ordinary shares in issue.

Notes to Financial Statements

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures and leasehold improvements HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2025						
At 1 January 2025:						
Cost	35,890	599	34,337	11,578	4,998	87,402
Accumulated depreciation and impairment	(3,584)	(571)	(25,960)	(9,349)	(3,330)	(42,794)
Net carrying amount	32,306	28	8,377	2,229	1,668	44,608
At 1 January 2025, net of accumulated depreciation and impairment						
	32,306	28	8,377	2,229	1,668	44,608
Additions	-	-	4,079	55	1,168	5,302
Disposals	-	-	-	(1)	-	(1)
Depreciation provided during the year	(1,444)	(1)	(2,570)	(906)	(733)	(5,654)
Surplus on revaluation	826	-	-	-	-	826
Transfer from investment properties (note 15)	7,030	-	-	-	-	7,030
Transfer to investment properties (note 15)	(10,650)	-	-	-	-	(10,650)
Exchange realignment	-	-	-	-	8	8
At 31 December 2025, net of accumulated depreciation and impairment	28,068	27	9,886	1,377	2,111	41,469
At 31 December 2025:						
Cost	31,898	601	37,151	11,551	5,262	86,463
Accumulated depreciation and impairment	(3,830)	(574)	(27,265)	(10,174)	(3,151)	(44,994)
Net carrying amount	28,068	27	9,886	1,377	2,111	41,469

Notes to Financial Statements

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures and leasehold improvements HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2024						
At 1 August 2023:						
Cost	35,890	2,483	30,181	12,753	4,711	86,018
Accumulated depreciation and impairment	(1,409)	(2,453)	(22,944)	(9,189)	(2,722)	(38,717)
Net carrying amount	34,481	30	7,237	3,564	1,989	47,301
At 1 August 2023, net of accumulated depreciation and impairment	34,481	30	7,237	3,564	1,989	47,301
Additions	-	-	6,172	38	578	6,788
Depreciation provided during the period	(2,175)	(2)	(3,874)	(1,373)	(899)	(8,323)
Impairment	-	-	(1,158)	-	-	(1,158)
At 31 December 2024, net of accumulated depreciation and impairment	32,306	28	8,377	2,229	1,668	44,608
At 31 December 2024:						
Cost	35,890	599	34,337	11,578	4,998	87,402
Accumulated depreciation and impairment	(3,584)	(571)	(25,960)	(9,349)	(3,330)	(42,794)
Net carrying amount	32,306	28	8,377	2,229	1,668	44,608

At 31 December 2025, certain of the Group's buildings with a net carrying amount of approximately HK\$28,068,000 (2024: HK\$32,306,000) were pledged to secure interest-bearing bank borrowings granted to the Group (note 23).

Impairment of property, plant and equipment and right-of-use assets

As at 31 December 2024, the Group's management identified certain retail shops which continued to underperform and estimated the corresponding recoverable amounts of their property, plant and equipment and right-of-use assets. Based on these estimates, impairment losses of HK\$1,158,000 and HK\$3,109,000 were recognised to write down the carrying amounts of these property, plant and equipment and right-of-use assets to their recoverable amounts to nil and nil, respectively, as at 31 December 2024. The estimates of the recoverable amounts were based on value in use. The discount rate applied to the cash flow projections was 11.0%.

Notes to Financial Statements

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Carrying amount at beginning of year/period	1,678,512	1,705,884
Net loss from a fair value adjustment	(73,128)	(23,193)
Transfer from property, plant and equipment (note 14)	10,650	–
Transfer from right-of-use assets (note 16(a))	21,715	–
Transfer to property, plant and equipment (note 14)	(7,030)	–
Transfer to right-of-use assets (note 16(a))	(14,335)	–
Exchange realignment	6,593	(4,179)
Carrying amount at end of year/period	1,622,977	1,678,512

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. On 28 February 2006, the Company, Lai Sun Garment (International) Limited (“LSG”) and Unipress Investments Limited (“Unipress”), a wholly-owned subsidiary of LSG, entered into a conditional development agreement (the “Development Agreement”) in connection with the redevelopment of an investment property situated at 79 Hoi Yuen Road, Kwun Tong, Kowloon (the “KT Property”). Further details of the redevelopment were included in the Company's circular dated 29 April 2006.

122

Unipress started to redevelop the KT Property in 2007 and the redevelopment was completed in September 2009. The KT Property was renamed as the Crocodile Center upon the completion of the redevelopment. Pursuant to the Development Agreement, upon the completion of the redevelopment, the Group assigned the retail and restaurant portions of the Crocodile Center to Unipress and all the car parking spaces to Mass Energy Limited, in which the Group holds a 50% equity interest and accounted for it as an associate (note 17).

The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Vincorn Consulting and Appraisal Limited and Zhongshan Xiangshan Zhi Qin Asset Appraisal Firm, independent professionally qualified valuers (the “Valuers”), at HK\$1,622,977,000 (2024: HK\$1,678,512,000).

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2025, certain investment properties of approximately HK\$1,426,783,000 (2024: HK\$1,471,556,000) of the Group were pledged to banks to secure the bank loans granted to the Group (note 23).

Further particulars of the Group's investment properties are included on page 164.

Notes to Financial Statements

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

All investment properties were classified under Level 3 in the fair value hierarchy. During the year ended 31 December 2025 and seventeen months ended 31 December 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Properties held in Hong Kong HK\$'000	Properties held in Mainland China HK\$'000	Total HK\$'000
At 1 August 2023	1,549,656	156,228	1,705,884
Net loss from a fair value adjustment recognised in profit or loss	(18,100)	(5,093)	(23,193)
Exchange realignment	–	(4,179)	(4,179)
At 31 December 2024 and at 1 January 2025	1,531,556	146,956	1,678,512
Net loss from a fair value adjustment recognised in profit or loss	(61,873)	(11,255)	(73,128)
Transfer from property, plant and equipment	10,650	–	10,650
Transfer from right-of-use assets	21,715	–	21,715
Transfer to property, plant and equipment	(7,030)	–	(7,030)
Transfer to right-of-use assets	(14,335)	–	(14,335)
Exchange realignment	–	6,593	6,593
At 31 December 2025	1,480,683	142,294	1,622,977

Notes to Financial Statements

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2025	2024
Hong Kong – Office	Direct comparison approach	Adjusting factors (to reflect locations, size, age and maintenance)	78% to 100%	74% to 100%
	Income capitalisation approach	Reversionary yield	3.3%	3.4%
		Reversionary rent	HK\$35.0 per square foot	HK\$37.4 per square foot
Hong Kong – Industrial	Direct comparison approach	Adjusting factors (to reflect locations, size, age and maintenance)	86% to 113%	86% to 115%
Mainland China – Retail	Income capitalisation approach	Reversionary yield	4.75%	4.5%
		Reversionary rent	RMB183 per square metre	RMB320 per square metre
Mainland China – Office	Income capitalisation approach	Reversionary yield	4.5%	4.5%
		Reversionary rent	RMB70 per square metre	RMB85 per square metre
Mainland China – Industrial	Direct comparison approach and depreciated replacement cost approach	Adjusting factors (to reflect locations, size, age and maintenance)	76% to 100%	78% to 100%
		Land accommodation value	RMB1,120 per square metre	RMB1,115 per square metre
		Construction cost unit rate	RMB2,308 to RMB13,580 per square metre	RMB2,497 to RMB14,692 per square metre

Notes to Financial Statements

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

The fair values of the investment properties of the Group were determined either based on the income capitalisation approach, direct comparison approach or depreciated replacement cost approach. For those determined based on the income capitalisation approach, the market rentals of all lettable units of the properties under current leases are assessed and discounted at the market yield expected by investors and provision for the reversionary potential for this type of properties. The market rentals for reversionary potential purposes are assessed by reference to the market rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar retail, office and industrial properties in Hong Kong and Mainland China and the adjusted transaction price to reflect location, size, age and maintenance of the Group's investment properties. For those determined based on the direct comparison approach, the fair values of the investment properties were determined by reference to the market transaction prices of similar properties in the neighbourhood, and adjusted based on the location, size, age and maintenance of the property. The depreciated replacement cost is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the investments less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. There has been no change from the valuation technique used in the prior period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements. Management works closely with the Valuers to establish the appropriate valuation techniques and inputs to the model.

A significant increase/(decrease) in the estimated adjusting factors, reversionary rent, average land accommodation value and average construction cost unit rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate and reversionary yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

16. LEASES

The Group as a lessee

The Group has lease contracts for various retail shops, office premises and warehouses used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease terms ranging from 42 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of retail shops, office premises and warehouses generally have lease terms between 19 to 36 months. Generally, the Group is restricted from assigning and subleasing the leased properties outside the Group.

Notes to Financial Statements

For the year ended 31 December 2025

16. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year/period are as follows:

	Leasehold land HK\$'000	Leased premises HK\$'000	Total HK\$'000
At 1 August 2023	78,406	15,090	93,496
Additions	–	20,011	20,011
Depreciation charge	(4,921)	(17,575)	(22,496)
Impairment	–	(3,109)	(3,109)
Exchange realignment	–	(9)	(9)
	<u>73,485</u>	<u>14,408</u>	<u>87,893</u>
At 31 December 2024 and at 1 January 2025	73,485	14,408	87,893
Additions	–	9,194	9,194
Remeasurement on lease modification	–	(435)	(435)
Surplus on revaluation	1,685	–	1,685
Transfer from investment properties (note 15)	14,335	–	14,335
Transfer to investment properties (note 15)	(21,715)	–	(21,715)
Depreciation charge	(3,289)	(11,592)	(14,881)
Exchange realignment	–	31	31
	<u>64,501</u>	<u>11,606</u>	<u>76,107</u>
At 31 December 2025	64,501	11,606	76,107

At 31 December 2025, certain of the Group's right-of-use assets with a net carrying amount of approximately HK\$64,501,000 (2024: HK\$73,485,000) were pledged to secure interest-bearing bank borrowings granted to the Group (note 23).

Further details of impairment of right-of-use assets are disclosed in note 14 to the financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

16. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year/period are as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at beginning of year/period	18,184	17,132
New leases	9,194	20,011
Remeasurement on lease modification	(435)	–
Accretion of interest recognised during the year/period	672	1,709
Payments	(14,981)	(20,659)
Exchange realignment	31	(9)
	<u>12,665</u>	<u>18,184</u>
Analysed into:		
Current portion	7,683	13,577
Non-current portion	4,982	4,607
	<u>4,982</u>	<u>4,607</u>

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

16. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Depreciation of right-of-use assets	14,881	22,496
Interest expense on lease liabilities	672	1,709
Impairment of right-of-use assets	–	3,109
Expense relating to short-term leases	584	2,021
Expense relating to variable lease payments not included in the measurement of the lease liabilities	220	555
	<u>16,357</u>	<u>29,890</u>
Total amount recognised in profit or loss	<u>16,357</u>	<u>29,890</u>

(d) The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

128

The Group as a lessor

The Group leases out its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions. Rental income recognised by the Group during the year ended 31 December 2025 was HK\$53,652,000 (seventeen months ended 31 December 2024: HK\$77,249,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	42,303	48,169
After one year but within two years	30,198	26,014
After two years but within three years	13,140	13,112
After three years but within four years	3,397	2,207
After four years but within five years	29	1,736
After five years	–	29
	<u>89,067</u>	<u>91,267</u>
Total	<u>89,067</u>	<u>91,267</u>

Notes to Financial Statements

For the year ended 31 December 2025

17. INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000
Share of net assets	46,325	49,111
Amount due from an associate	7,476	7,935

The amount due from an associate is unsecured, interest-bearing at 5% (2024: 5.25%) per annum and has no fixed terms of repayment. In the opinion of the directors, the amount is not expected to be settled within twelve months after the end of the reporting period and therefore the amount is classified as a non-current asset. There was no recent history of default and past due amounts for the amount due from an associate. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable	Principal activity
Mass Energy Limited ("Mass Energy")	Ordinary shares	Hong Kong	50	Property investment

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

The Group holds 50% of the issued share capital of Mass Energy, however, the Group does not have joint control or control over Mass Energy as LSG directs the relevant activities of Mass Energy through its control over the board of directors of Mass Energy. The directors consider that the Group exercises significant influence over Mass Energy and it is therefore classified as an associate of the Group.

According to the Development Agreement as disclosed in note 15, the titles of all car parking spaces of the Crocodile Center were assigned to Mass Energy, a company which is owned in equal proportions by LSG and the Group. In the opinion of the directors, the investment is strategically beneficial to the Group.

Notes to Financial Statements

For the year ended 31 December 2025

17. INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE (continued)

The following table illustrates the summarised financial information in respect of Mass Energy adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Current assets	2,146	2,345
Non-current assets	106,942	113,264
Current liabilities	(288)	(682)
Non-current liabilities	(16,150)	(16,704)
Net assets	<u>92,650</u>	<u>98,223</u>
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the associate	<u>46,325</u>	<u>49,111</u>
Carrying amount of the investment	<u>46,325</u>	<u>49,111</u>
Revenue	1,719	2,657
Loss and total comprehensive expenses for the year/period	<u>(5,572)</u>	<u>(2,052)</u>

18. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	<u>17,787</u>	<u>16,111</u>

Notes to Financial Statements

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2025 HK\$'000	2024 HK\$'000
Trade receivables		11,214	9,149
Impairment		(7,696)	(7,089)
Net carrying amount	(a)	3,518	2,060
Other receivables		35,596	34,917
Impairment		(31,539)	(30,434)
Net carrying amount	(b)	4,057	4,483
Finance lease receivable	(c)	221	–
Deposits and prepayments		8,501	8,129
Total		16,297	14,672
Analysed into:			
Non-current portion		2,113	3,335
Current portion		14,184	11,337
Total		16,297	14,672

- (a) For the retail business, other than cash sales made at retail shops of the Group, the Group allows credit periods of 30 to 60 days for receivables from department stores in which sales counters are located while the average credit period on credit card sales and sales by other electronic payment methods is 7 days. For the property investment and letting business, monthly rentals are payable in advance by tenants in accordance with the leases. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral over these balances. Trade receivables are non-interest-bearing. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

Notes to Financial Statements

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) (continued)

An ageing analysis of trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	1,952	1,052
91 to 180 days	470	444
181 to 365 days	867	562
Over 365 days	229	2
Total	<u>3,518</u>	<u>2,060</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year/period	7,089	6,946
Impairment losses	295	451
Written off as uncollectible	–	(123)
Exchange realignment	312	(185)
At end of year/period	<u>7,696</u>	<u>7,089</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Notes to Financial Statements

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Credit impaired	Past due				Total
		0 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	
ECL rate	100%	0%	0%	0%	0%	69%
Gross carrying amount (HK\$'000)	7,696	1,952	470	867	229	11,214
ECLs (HK\$'000)	7,696	-	-	-	-	7,696

As at 31 December 2024

	Credit impaired	Past due				Total
		0 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	
ECL rate	100%	0%	0%	0%	0%	77%
Gross carrying amount (HK\$'000)	7,089	1,052	444	562	2	9,149
ECLs (HK\$'000)	7,089	-	-	-	-	7,089

(b) Other receivables are categorised into “performing”, “doubtful” and “default”. “Performing” refers to financial assets where there has been a low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired. “Doubtful” refers to financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired. “Default” refers to financial assets that are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of those assets have occurred. An impairment analysis is performed at each reporting date by considering the probability of default of counterparties. The Group also takes into account forward-looking information to reflect the debtors' probability of default under the current conditions and forecasts of future economic conditions, as appropriate.

Notes to Financial Statements

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) (continued)

Analysis of the gross carrying amount by the Group's internal credit rating and year/period end classification:

As at 31 December 2025

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Internal rating grade				
Performing	4,057	–	–	4,057
Doubtful	–	–	–	–
Default	–	–	31,539	31,539
	<u>4,057</u>	<u>–</u>	<u>31,539</u>	<u>35,596</u>

As at 31 December 2024

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Internal rating grade				
Performing	4,483	–	–	4,483
Doubtful	–	–	–	–
Default	–	–	30,434	30,434
	<u>4,483</u>	<u>–</u>	<u>30,434</u>	<u>34,917</u>

Notes to Financial Statements

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) (continued)

The movements in the loss allowance for impairment of other receivables are as follows:

	Lifetime ECL – Credit impaired (Stage 3)	
	2025 HK\$'000	2024 HK\$'000
At beginning of year/period	30,434	33,134
Impairment losses	1	–
Written off as uncollectible	–	(2,000)
Exchange realignment	1,104	(700)
At end of year/period	31,539	30,434

As at 31 December 2025, net royalty receivables of the Group of nil (2024: Nil), net of allowance for impairment of approximately HK\$24,539,000 (2024: HK\$23,434,000), were included in other receivables, where payments are required monthly or semi-annually. The Group makes impairment based on the assessment of the recoverability of royalty receivables.

As at 31 December 2025, included in gross other receivables of the Group were advances of HK\$7,000,000 (2024: HK\$7,000,000) to two independent third parties which were unsecured, interest-bearing at 12% per annum and repayable in April 2022. As at 31 December 2025 and 2024, a provision for impairment amounting to HK\$7,000,000 was made.

(c) The maturity analysis of the Group's finance lease receivable as at the end of the reporting period, based on the undiscounted lease payments, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	223	–
Less: Unearned finance income	(2)	–
Present value of minimum lease payments	221	–

Notes to Financial Statements

For the year ended 31 December 2025

20. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Unlisted investments in Hong Kong	55,260	49,203
Derivative financial instruments		
Interest rate swap*	–	3,784
	<u>55,260</u>	<u>52,987</u>
Current assets		
Listed investments		
Equity investments listed in Hong Kong	12,610	15,861
Equity investments listed outside Hong Kong	–	7,595
Debt investments listed in Hong Kong	399	206
Debt investments listed outside Hong Kong	9,848	3,137
Perpetual securities listed in Hong Kong	–	1,156
Perpetual securities listed outside Hong Kong	12,986	6,175
Fund investments listed outside Hong Kong	–	1,336
	<u>35,843</u>	<u>35,466</u>
Unlisted investments		
Fund investments	62,340	43,219
Debt investments	9,360	4,058
	<u>71,700</u>	<u>47,277</u>
Derivative financial instruments		
Interest rate swap*	15	–
Structured products	–	3
	<u>15</u>	<u>3</u>
Total financial assets at fair value through profit or loss classified as current assets	<u>107,558</u>	<u>82,746</u>
Total financial assets at fair value through profit or loss	<u>162,818</u>	<u>135,733</u>
Current liabilities		
Derivative financial instruments		
Structured products	(354)	(4,062)
	<u>(354)</u>	<u>(4,062)</u>
Non-current liabilities		
Derivative financial instruments		
Interest rate swaps*	(4,421)	–
	<u>(4,421)</u>	<u>–</u>
Total financial liabilities at fair value through profit or loss	<u>(4,775)</u>	<u>(4,062)</u>

* The interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate swaps amounting to HK\$8,190,000 (seventeen months ended 31 December 2024: credit of HK\$3,784,000) were charged to the statement of profit or loss during the year.

Notes to Financial Statements

For the year ended 31 December 2025

20. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

(continued)

The above unlisted investments classified as non-current assets were mainly comprised of investment in preference shares issued by a private limited liability company established in the BVI with a fair value as at 31 December 2025 of HK\$31,153,000 (2024: HK\$30,670,000). The investee is principally engaged in the property investment business. There is no fixed maturity period of the preference shares and the fair value of the investment was determined with reference to the fair value to the underlying assets and liabilities of the investee company. The preference shares entitled the holders a fixed cumulative dividend of 8% per annum and preferential rights over the ordinary shareholders in the event of liquidation. The unlisted investments classified as non-current assets were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The above investments included under current assets were classified as financial assets at fair value through profit or loss as they were held for trading.

The structured products were a series of forward contracts for the Group to accumulate and decumulate, respectively, specific units of certain securities listed on The Stock Exchange of Hong Kong Limited according to the contracts at predetermined prices on every trading day. The structured products would be terminated automatically if the closing prices of the underlying securities on any specified trading day during the contract periods are at or above, and at or below, respectively, the predetermined knock-out prices.

As at 31 December 2025, certain financial assets at fair value through profit or loss of HK\$64,993,000 (2024: HK\$81,052,000) of the Group were pledged to secure the margin loans payable (note 24) and interest-bearing bank borrowings granted to the Group (note 23).

137

21. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	124,598	155,897
Pledged bank deposits	<u>2,742</u>	<u>1,434</u>
Subtotal	127,340	157,331
Less: Pledged bank deposits for margin loans payable (note 24)	<u>(2,742)</u>	<u>(1,434)</u>
Cash and cash equivalents	<u>124,598</u>	<u>155,897</u>

Notes to Financial Statements

For the year ended 31 December 2025

21. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS (continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$10,849,000 (2024: HK\$8,071,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES, OTHER PAYABLES AND DEPOSITS RECEIVED

	Notes	2025 HK\$’000	2024 HK\$’000
Trade payables	(a)	1,718	2,180
Other payables and accruals	(b)	21,909	14,914
Deposits received		<u>15,518</u>	<u>14,677</u>
Subtotal		39,145	31,771
Less: Non-current portion		<u>(11,250)</u>	<u>(10,609)</u>
Current portion		<u>27,895</u>	<u>21,162</u>

(a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK\$’000	2024 HK\$’000
0 to 90 days	<u>1,718</u>	<u>2,180</u>

Trade payables are non-interest-bearing and are normally settled on terms between 30 and 90 days.

(b) Other payables are non-interest-bearing and have an average term of three months.

Notes to Financial Statements

For the year ended 31 December 2025

23. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans – secured	4.08-4.60	On demand/ 2026	166,365	5.53-6.08	On demand/ 2025	166,792
Non-current						
Bank loans – secured	4.60	2027-2042	498,511	6.03	2026-2042	523,305
Total			664,876			690,097
				2025		2024
				HK\$'000		HK\$'000

Analysed into:

Bank loans repayable:

Within one year or on demand	166,365	166,792
In the second year	22,578	19,108
In the third to fifth years, inclusive	74,302	64,729
Beyond five years	401,631	439,468
Total	664,876	690,097

(a) The Group's bank borrowings are secured by the pledge of the following assets:

	2025	2024
	HK\$'000	HK\$'000
Buildings	28,068	32,306
Right-of-use assets	64,501	73,485
Investment properties	1,426,783	1,471,556
Financial assets at fair value through profit or loss	7,881	7,059
Total	1,527,233	1,584,406

(b) The borrowings of the Group were mainly denominated in Hong Kong dollars.

Notes to Financial Statements

For the year ended 31 December 2025

24. MARGIN LOANS PAYABLE

	2025		2024	
	Effective interest rate (%)	HK\$'000	Effective interest rate (%)	HK\$'000
Within one year	1.49	5,523	1.10	3,491

As at 31 December 2025, the margin loans payable were secured by the debt and equity securities held under the margin accounts, with a total market value of HK\$57,112,000 (2024: HK\$73,993,000) and pledged bank deposits of HK\$2,742,000 (2024: HK\$1,434,000).

25. DEFERRED TAX

The movements in deferred tax asset/(liabilities) during the year/period are as follows:

	Fair value adjustments arising from revaluation of property, plant and equipment HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Losses available for offsetting against future tax taxable profits HK\$'000	Total HK\$'000
At 1 August 2023	(20,327)	(17,750)	17,750	(20,327)
Deferred tax credited/(charged) to profit or loss during the period (note 11)	784	(1,197)	1,197	784
Exchange realignment	(11)	-	-	(11)
At 31 December 2024 and at 1 January 2025	(19,554)	(18,947)	18,947	(19,554)
Deferred tax credited/(charged) to profit or loss during the year (note 11)	1,494	1,128	(1,128)	1,494
Exchange realignment	31	-	-	31
At 31 December 2025	(18,029)	(17,819)	17,819	(18,029)

Notes to Financial Statements

For the year ended 31 December 2025

25. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	-	-
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(18,029)</u>	<u>(19,554)</u>
	<u>(18,029)</u>	<u>(19,554)</u>

The Group has tax losses arising in Hong Kong of HK\$721,851,000 (2024: HK\$663,254,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK\$9,668,000 (2024: HK\$11,436,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of tax losses of HK\$623,522,000 (2024: HK\$559,853,000) as it is not considered probable that taxable profits will be available against which the tax losses can be utilised. In addition, the Group has deductible temporary differences of HK\$44,488,000 (2024: HK\$16,221,000) for which deferred tax assets have not been recognised. The related tax effects are as follows:

	2025 HK\$'000	2024 HK\$'000
Tax losses	103,703	93,348
Deductible temporary differences	<u>7,341</u>	<u>2,676</u>
	<u>111,044</u>	<u>96,024</u>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Notes to Financial Statements

For the year ended 31 December 2025

25. DEFERRED TAX (continued)

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China since there was no temporary difference attributable to retained profits of the Group's subsidiaries established in Mainland China (2024: Nil).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL

Shares

	2025 HK\$'000	2024 HK\$'000
Issued and fully paid:		
103,517,513 (2024: 71,065,777) ordinary shares	<u>421,614</u>	<u>374,636</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 August 2023	1,421,315,542	374,636
Share consolidation (note (a))	<u>(1,350,249,765)</u>	<u>–</u>
At 31 December 2024 and 1 January 2025	71,065,777	374,636
Rights issue (note (b))	32,451,736	48,678
Share issue expenses	<u>–</u>	<u>(1,700)</u>
At 31 December 2025	<u>103,517,513</u>	<u>421,614</u>

Notes:

- (a) Pursuant to a special resolution passed in the extraordinary general meeting of the Company on 30 October 2024, every twenty ordinary shares were consolidated into one consolidated share with effect from 1 November 2024.
- (b) A rights issue of one rights share for every two existing shares held by members on the register of members on 5 December 2025 was made, at an issue price of HK\$1.5 per rights share, resulting in the issue of 32,451,736 shares for a total cash consideration, before expenses, of HK\$48,678,000.

Notes to Financial Statements

For the year ended 31 December 2025

26. SHARE CAPITAL (continued)

Share options

Details of the Company's share option scheme are included in note 27 to the financial statements.

27. SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to a resolution passed by its shareholders on 15 December 2015 (the “**2015 Scheme**”) for the purpose of providing incentives or rewards to any employee of the Group, any director, officer or consultant of the Group and any other group or classes of participants which the directors (hereinafter collectively referred to as the “**Eligible Participants**”), in their absolute discretion, consider to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group. Under the 2015 Scheme, the directors may grant options to the Eligible Participants as defined in the 2015 Scheme to subscribe for shares in the Company.

Under the 2015 Scheme, the Directors may grant options to the Eligible Participants for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group.

The total number of shares in respect of which share options may be granted under the 2015 Scheme is not permitted to exceed 10% of the shares of the Company in issue on 15 December 2015 and the maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2015 Scheme and any share option schemes of the Company must not exceed 30% of the number of shares of the Company in issue from time to time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Share options granted under the 2015 Scheme must be taken up within 30 days from the date of grant respectively, upon payment of HK\$1 per option. Share options may be exercised at any time within a period from the date of grant of the share options to the expiry date of the 2015 Scheme. The exercise price of any share option is determined by the directors, shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange daily quotation sheet on the date of the offer of grant and (ii) the average closing prices of the Company's shares as stated in the Stock Exchange daily quotation sheets for the five trading days immediately preceding the date of the offer of grant. As the 2015 Scheme had expired on 15 December 2025, there would not be any further grant of options thereafter.

As at 31 December 2025, there were no outstanding shares in respect of which share options had been granted under the 2015 Scheme (2024: Nil).

Notes to Financial Statements

For the year ended 31 December 2025

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and prior period/years are presented in the consolidated statement of changes in equity on page 72 of the financial statements.

29. DEREGISTRATION OF FOREIGN OPERATIONS

During the prior period, the net gain on deregistration of foreign operations of HK\$8,389,000 (note 8) represented net liabilities of foreign operations deregistered of HK\$5,082,000 and the realisation of translation reserve of HK\$3,307,000. There was no cash inflow/outflow in respect of the deregistration of foreign operations during the prior period.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions/modification to right-of-use assets and lease liabilities of HK\$8,759,000 (seventeen months ended 31 December 2024: HK\$20,011,000) and HK\$8,759,000 (seventeen months ended 31 December 2024: HK\$20,011,000), respectively, in respect of lease arrangements for certain leased premises.

Notes to Financial Statements

For the year ended 31 December 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2025

	Interest- bearing bank borrowings HK\$'000	Margin loans payable HK\$'000	Lease liabilities HK\$'000
At 1 January 2025	690,097	3,491	18,184
Changes from financing cash flows	(25,221)	2,032	(14,309)
Interest expense	–	–	672
Interest paid classified as operating cash flows	–	–	(672)
New leases	–	–	9,194
Remeasurement on lease modification	–	–	(435)
Foreign exchange movement	–	–	31
	<u>664,876</u>	<u>5,523</u>	<u>12,665</u>
At 31 December 2025	<u>664,876</u>	<u>5,523</u>	<u>12,665</u>

Seventeen months ended 31 December 2024

	Interest- bearing bank borrowings HK\$'000	Margin loans payable HK\$'000	Lease liabilities HK\$'000
At 1 August 2023	750,501	3,544	17,132
Changes from financing cash flows	(60,404)	(53)	(18,950)
Interest expense	–	–	1,709
Interest paid classified as operating cash flows	–	–	(1,709)
New leases	–	–	20,011
Foreign exchange movement	–	–	(9)
	<u>690,097</u>	<u>3,491</u>	<u>18,184</u>
At 31 December 2024	<u>690,097</u>	<u>3,491</u>	<u>18,184</u>

Notes to Financial Statements

For the year ended 31 December 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Within operating activities	1,476	4,285
Within financing activities	<u>14,309</u>	<u>18,950</u>
	<u>15,785</u>	<u>23,235</u>

31. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	<u>394</u>	<u>–</u>

Notes to Financial Statements

For the year ended 31 December 2025

32. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year/period:

	Notes	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Short-term lease payments and building management fees paid or payable to related companies	(i), (ii)	132	184
Lease payment and interest expense on lease liabilities paid or payable to related companies	(i), (ii)	1,665	3,719
Rental income and building management fee income received or receivable from a related company	(i), (ii)	2,431	3,640
Interest income received or receivable from an associate	17	391	658

Notes:

- (i) The members of the key management personnel of the related companies are director and/or substantial shareholder(s) of the Company.
- (ii) These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on the basis mutually agreed by the respective parties.

Notes to Financial Statements

For the year ended 31 December 2025

32. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

Particulars of the amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	Note	At 31 December 2025 HK\$'000	Maximum amount outstanding during the year the year HK\$'000	At 31 December 2024 and at 1 January 2025 HK\$'000	Maximum amount outstanding during the period HK\$'000	At 1 August 2023 HK\$'000
HVC Limited	(i)	-	669	-	708	503

The amount due from a related company is trade in nature, unsecured, interest-free and repayable on demand.

Note:

- (i) The members of the key management personnel of the related company are director and/or substantial shareholder(s) of the Company.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December 2025 HK\$'000	Seventeen months ended 31 December 2024 HK\$'000
Short term employee benefits	10,083	13,787
Post-employment benefits	90	128
Total compensation paid to key management personnel	10,173	13,915

Further details of the directors' emoluments are included in note 9 to the financial statements.

Notes to Financial Statements

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2025

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at amortised cost HK\$'000	Total HK\$'000
	Mandatorily designated as such HK\$'000	Held for trading HK\$'000		
Financial assets at fair value through profit or loss	55,275	107,543	–	162,818
Trade receivables	–	–	3,518	3,518
Other receivables	–	–	4,057	4,057
Finance lease receivable	–	–	221	221
Financial assets included in deposits and prepayments	–	–	5,903	5,903
Amount due from an associate	–	–	7,476	7,476
Pledged bank deposits	–	–	2,742	2,742
Cash and cash equivalents	–	–	124,598	124,598
Total	55,275	107,543	148,515	311,333

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost HK\$'000	Total HK\$'000
	Mandatorily designated as such HK\$'000	Held for trading HK\$'000		
Trade payables	–	–	1,718	1,718
Financial liabilities included in other payables and accruals	–	–	10,531	10,531
Deposits received	–	–	15,518	15,518
Financial liabilities at fair value through profit or loss	4,421	354	–	4,775
Interest-bearing bank borrowings	–	–	664,876	664,876
Margin loans payable	–	–	5,523	5,523
Lease liabilities	–	–	12,665	12,665
Total	4,421	354	710,831	715,606

Notes to Financial Statements

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss			Total HK\$'000
	Mandatorily designated as such HK\$'000	Held for trading HK\$'000	Financial assets at amortised cost HK\$'000	
Financial assets at fair value through profit or loss	52,987	82,746	–	135,733
Trade receivables	–	–	2,060	2,060
Other receivables	–	–	4,483	4,483
Financial assets included in deposits and prepayments	–	–	5,744	5,744
Amount due from an associate	–	–	7,935	7,935
Pledged bank deposits	–	–	1,434	1,434
Cash and cash equivalents	–	–	155,897	155,897
Total	52,987	82,746	177,553	313,286

150

Financial liabilities

	Financial liabilities at fair value through profit or loss – held for trading HK\$'000		Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Trade payables	–	–	2,180	2,180
Financial liabilities included in other payables and accruals	–	–	10,448	10,448
Deposits received	–	–	14,677	14,677
Financial liabilities at fair value through profit or loss	4,062	–	–	4,062
Interest-bearing bank borrowings	–	–	690,097	690,097
Margin loans payable	–	–	3,491	3,491
Lease liabilities	–	–	18,184	18,184
Total	4,062	–	739,077	743,139

Notes to Financial Statements

For the year ended 31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Financial assets				
Financial assets at fair value through profit or loss	162,818	135,733	162,818	135,733
Financial liabilities				
Financial liabilities at fair value through profit or loss	4,775	4,062	4,775	4,062

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, other receivables, finance lease receivable, the current portion of financial assets included in deposits and prepayments, trade payables, margin loans payable, the current portion of financial liabilities included in other payables and accruals, deposits received and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities/the repayable on demand clause of these instruments or because the effect of discounting is not material.

The fair values of amount due from an associate and the non-current portion of deposits, financial liabilities included in other payables and accruals, deposits received and interest-bearing bank borrowings have been calculated and assessed mainly by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, as appropriate. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2025 and 2024 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted investments classified as current assets are based on the value quoted by the brokers based on the underlying investment value at the end of the reporting period. The fair value of the unlisted investment in preference shares is based on the option pricing model determined by an independent valuer. The fair value of other unlisted investment has been estimated based on the surrender values, which are calculated and quoted by the issuer. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Notes to Financial Statements

For the year ended 31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group entered into derivative financial instruments with financial institutions. As at 31 December 2025, the structured products are measured using a valuation technique based on assumptions that are supported by observable market prices or rates. The carrying amounts of the structured products are the same as their fair values.

The Group also entered into interest rate swaps with a financial institution. Interest rate swaps classified as derivative financial instruments are measured using valuation techniques similar to swap model, using present value calculations. The model incorporates various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amount of interest rate swaps are the same as their fair values.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Unlisted investment in preference shares	Option pricing model backsolve valuation method for equity compensation	Expected term of the instrument	The higher the expected term, the higher the fair value
		Anticipated volatility	The higher the anticipated volatility, the higher the fair value

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	35,843	95,822	31,153	162,818

Notes to Financial Statements

For the year ended 31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	35,466	69,597	30,670	135,733

The movements in fair value measurements within Level 3 during the year/period are as follows:

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through profit or loss:		
At beginning of year/period	30,670	33,943
Additions	1,395	3,043
Net losses recognised in profit or loss	(912)	(6,316)
At end of year/period	31,153	30,670

Notes to Financial Statements

For the year ended 31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
(Level 1)	(Level 2)	(Level 3)		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Financial liabilities at fair value through profit or loss	-	4,775	-	4,775

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
(Level 1)	(Level 2)	(Level 3)		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Financial liabilities at fair value through profit or loss	-	4,062	-	4,062

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (seventeen months ended 31 December 2024: Nil).

Notes to Financial Statements

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise financial assets at fair value through profit or loss, trade receivables, other receivables, finance lease receivable, financial assets included in deposits and prepayments, amount due from an associate, pledged bank deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, deposits received, interest-bearing bank borrowings and margin loans payable. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions, including principally structured products and interest rate swaps. The purpose is to manage the equity price risk and interest rate risk arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group was exposed to the risk of changes in market interest rates mainly in relation to interest-bearing bank borrowings, margin loans payable, bank balances and deposits with a floating interest rate. It is the Group's policy to keep its bank balances and deposits, interest-bearing bank borrowings and margin loans payable at floating rate of interest so as to minimise the fair value interest rate risk.

The Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2025, if the interest rates had been 100 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the loss before tax for the year would have increased/decreased by HK\$6,704,000 (seventeen months ended 31 December 2024: HK\$6,936,000). Variable-rate bank balances and deposits are excluded from sensitivity analysis as the directors consider that the exposure to cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed investments included in financial assets at fair value through profit or loss (note 20) as at 31 December 2025. The Group's price risk is concentrated on equity and debt securities quoted on the Stock Exchange and the resources sector quoted on Singapore Exchange Limited, the Stuttgart Stock Exchange, Euronext Dublin and Luxembourg Stock Exchange.

As at 31 December 2025, if the prices had been 10% higher/lower while holding all other variables constant, the loss before tax for the year would have decreased/increased by approximately HK\$3,584,000 (seventeen months ended 31 December 2024: HK\$3,547,000).

Notes to Financial Statements

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Certain financial assets at fair value through profit or loss, cash and cash equivalents and margin loans payable are denominated in United States Dollar (“USD”), RMB, Japanese Yen (“JPY”), and Euro (“EUR”) which are currencies other than the functional currencies of the relevant group entities. Since the Hong Kong dollar is pegged to the USD, the Group’s exposure to foreign currency risk in respect of the bank balances denominated in USD is considered to be minimal.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB, JPY and EUR exchange rates, with all other variables held constant, of the Group’s loss before tax (arising from RMB, JPY and EUR denominated financial instruments). There is no impact on equity except for retained profits.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in loss before tax HK\$’000
2025		
If Hong Kong dollar weakens against RMB	5	(542)
If Hong Kong dollar strengthens against RMB	(5)	542
If Hong Kong dollar weakens against JPY	5	64
If Hong Kong dollar strengthens against JPY	(5)	(64)
If Hong Kong dollar weakens against EUR	5	(20)
If Hong Kong dollar strengthens against EUR	(5)	20
2024		
If Hong Kong dollar weakens against RMB	5	(404)
If Hong Kong dollar strengthens against RMB	(5)	404
If Hong Kong dollar weakens against JPY	5	(14)
If Hong Kong dollar strengthens against JPY	(5)	14
If Hong Kong dollar weakens against EUR	5	(18)
If Hong Kong dollar strengthens against EUR	(5)	18

Notes to Financial Statements

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group mainly trades on credit with recognised and creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms are in general subject to certain credit verification procedures. In addition, receivable balances are monitored by management on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	-	-	-	11,214	11,214
Other receivables	4,057	-	31,539	-	35,596
Finance lease receivable	221	-	-	-	221
Financial assets included in deposits and prepayments					
– Normal**	5,903	-	-	-	5,903
Amount due from an associate	7,476	-	-	-	7,476
Pledged bank deposits					
– Not yet past due	2,742	-	-	-	2,742
Cash and cash equivalents					
– Not yet past due	124,598	-	-	-	124,598
Total	144,997	-	31,539	11,214	187,750

Notes to Financial Statements

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	9,149	9,149
Other receivables	4,483	–	30,434	–	34,917
Financial assets included in deposits and prepayments					
– Normal**	5,744	–	–	–	5,744
Amount due from an associate	7,935	–	–	–	7,935
Pledged bank deposits					
– Not yet past due	1,434	–	–	–	1,434
Cash and cash equivalents					
– Not yet past due	155,897	–	–	–	155,897
Total	175,493	–	30,434	9,149	215,076

* For trade receivables to which the Group applies the simplified approach for impairment, further detailed information is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in deposits and prepayments is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty, by geographical region and by industry sector. As at 31 December 2025, the Group’s concentration of credit risk by geographical location is mainly in Mainland China, which accounted for 49% (2024: 60%) of the total trade receivables.

Notes to Financial Statements

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, margin loans and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025

	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade payables	1,718	–	–	–	1,718
Financial liabilities included in other payables and accruals	10,531	–	–	–	10,531
Deposits received	4,889	3,762	6,867	–	15,518
Interest-bearing bank borrowings	190,057	45,038	135,114	517,937	888,146
Margin loans payable	5,524	–	–	–	5,524
Lease liabilities	7,949	3,913	1,165	–	13,027
Total	220,668	52,713	143,146	517,937	934,464

As at 31 December 2024

	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade payables	2,180	–	–	–	2,180
Financial liabilities included in other payables and accruals	10,448	–	–	–	10,448
Deposits received	4,922	5,703	3,495	557	14,677
Interest-bearing bank borrowings	199,363	50,141	150,422	626,757	1,026,683
Margin loans payable	3,510	–	–	–	3,510
Lease liabilities	14,470	4,464	230	–	19,164
Total	234,893	60,308	154,147	627,314	1,076,662

Notes to Financial Statements

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2025 and the seventeen months ended 31 December 2024.

The Group monitors capital using a gearing ratio, which is total interest-bearing debts divided by capital. Total interest-bearing debts included interest-bearing bank borrowings and margin loans payable. Capital comprises equity attributable to owners of the Company. The gearing ratios at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Interest-bearing bank borrowings (note 23)	664,876	690,097
Margin loans payable (note 24)	5,523	3,491
Total interest-bearing debts	<u>670,399</u>	<u>693,588</u>
Equity attributable to owners of the Company	<u>1,372,830</u>	<u>1,423,947</u>
Gearing ratio	<u>48.8%</u>	<u>48.7%</u>

Notes to Financial Statements

For the year ended 31 December 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	2,932	3,116
Right-of-use assets	3,937	9,243
Investments in subsidiaries	3,550	3,550
Amounts due from subsidiaries	774,404	742,750
Financial assets at fair value through profit or loss	24,107	22,317
Rental and utility deposits	1,469	2,026
Total non-current assets	810,399	783,002
CURRENT ASSETS		
Inventories	11,086	13,892
Trade and other receivables, deposits and prepayments	3,930	4,113
Amounts due from subsidiaries	28,043	20,848
Financial assets at fair value through profit or loss	107,558	82,746
Pledged bank deposits	2,742	1,434
Cash and cash equivalents	103,536	134,944
Total current assets	256,895	257,977
CURRENT LIABILITIES		
Trade payables, other payables and deposits received	7,411	6,703
Financial liabilities at fair value through profit or loss	354	4,062
Amounts due to subsidiaries	40,723	42,215
Interest-bearing bank borrowings	166,365	166,792
Margin loans payable	5,523	3,491
Lease liabilities	3,388	6,586
Total current liabilities	223,764	229,849
NET CURRENT ASSETS	33,131	28,128
TOTAL ASSETS LESS CURRENT LIABILITIES	843,530	811,130

Notes to Financial Statements

For the year ended 31 December 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES		
Other payables	302	353
Financial liabilities at fair value through profit or loss	4,421	–
Interest-bearing bank borrowings	498,511	523,305
Provision	707	788
Lease liabilities	885	3,080
	<u>504,826</u>	<u>527,526</u>
Total non-current liabilities	504,826	527,526
Net assets	338,704	283,604
EQUITY		
Share capital	421,614	374,636
Accumulated losses (note)	(82,910)	(91,032)
	<u>338,704</u>	<u>283,604</u>
Total equity	338,704	283,604

Lam Wai Shan, Vanessa
Director

Chow Bing Chiu
Director

Notes to Financial Statements

For the year ended 31 December 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

The movements of the Company's accumulated losses are as follows:

	HK\$'000
At 1 August 2023	(43,701)
Loss and total comprehensive expenses for the period	<u>(47,331)</u>
At 31 December 2024 and 1 January 2025	(91,032)
Profit and total comprehensive income for the year	<u>8,122</u>
At 31 December 2025	<u>(82,910)</u>

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2026.

Particulars of Investment Properties

As at 31 December 2025

Details of the Group's investment properties are disclosed as follows:

Location	Use	Lease Term	Attributable Interests of the Group
Offices on 11th Floor to 25th Floor and the Office External Walls, Crocodile Center, No. 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Property letting	Medium	100%
Unit 1001 on 10th Floor, China Insurance Group Building, 141 Des Voeux Road Central, 73 Connaught Road Central and 61-65 Gilman Street, Central, Hong Kong	Property letting	Long	100%
Unit A on 11th Floor, and 12th Floor (whole floor), Wing Tai Centre (Front Block), 12 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong	Property letting	Medium	100%
Workshop Nos. 1, 2, 3, 5, 6, 7, 8, 9 and Store Room on 20th Floor, Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Property letting	Medium	100%
Unit 2005 on Level 20, Times 8, No. 68 Zhiquanduan, Dongda Street, Jinjiang District, Chengdu, the People's Republic of China ("PRC")	Property letting	Medium	100%
Shop No. 129, No. 103 Cheng Han Zhong Road, Gao Xin District, Chengdu, the PRC	Property letting	Medium	100%
Shop No. 130, No. 105 Cheng Han Zhong Road, Gao Xin District, Chengdu, the PRC	Property letting	Medium	100%
Yongbian village Shaxi Town, Zhongshan, the PRC	Property letting	Medium	100%

CROCODILE

