LEVER STYLE CORPORATION
利華控股集團

(Incorporated in the Cayman Islands with limited liability)

2025

Annual Report

Stock sode: 1346

www.leverstyle.com

The Apparel Engine for Digital Retail

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Corporate Information

Board of Directors

Executive directors

Mr. SZETO Chi Yan Stanley *(Chairman)*
Mr. TAN William *(Chief Executive Officer ("CEO"))*
Mr. LEE Yiu Ming

Independent non-executive directors

Mr. SEE Tak Wah
Mr. ANDERSEN Dee Allen
Ms. KESEBI Lale
Mr. LIU Gary

Audit Committee

Mr. SEE Tak Wah *(Chairman)*
Mr. ANDERSEN Dee Allen
Ms. KESEBI Lale
Mr. LIU Gary

Remuneration Committee

Mr. ANDERSEN Dee Allen *(Chairman)*
Mr. SEE Tak Wah
Mr. SZETO Chi Yan Stanley
Ms. KESEBI Lale
Mr. LIU Gary

Nomination Committee

Mr. SZETO Chi Yan Stanley *(Chairman)*
Mr. SEE Tak Wah
Mr. ANDERSEN Dee Allen
Ms. KESEBI Lale
Mr. LIU Gary

ESG Committee

Mr. TAN William
Mr. SEE Tak Wah
Ms. KESEBI Lale

Company Secretary

Mr. LEE Yiu Ming

Registered Office

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

Principal Place of Business in Hong Kong

Room 16, Flat B
1/F, Wing Tai Centre
12 Hing Yip Street
Kwun Tong, Kowloon
Hong Kong

Principal Place of Business in China

1/F, TinWe Mansion
6 Liu Fang Road
Bao'an District
Shenzhen
China

Compliance Adviser

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

Corporate Information

Auditor

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

Legal Advisor

Withers
30/F, United Centre
95 Queensway
Admiralty
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road
Central Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

Citibank, N.A.
3 Garden Road
Central
Hong Kong

Company Website

www.leverstyle.com

Stock Code

1346

Chairman's Statement

Tariff-induced Weakened Sales and Profits

In a year when Trump's Liberation Day tariffs wreaked havoc on the industry, we managed down our business to safeguard our current and future financial health. Revenues retreated 10.2% from the prior year to US$200.2 million for the 2025 reporting period, which was a result of applying stringent credit risk control on our former top two clients from 2024 rather than an across-the-board weakening of demand. For one of these two clients, we stopped taking new orders in January 2025 due to persistently late payments, resulting in an US$18.1 million decrease in sales in 2025 against 2024.

Our longtime client, Bonobos, went into Chapter 11 administration in 2024, when we managed to minimize our financial impact because of credit insurance protection and other recovery means. After filing for Chapter 11, the brand Bonobos was taken over by another entity. In 2025, we continued to proactively reduced our remaining business with Bonobos by US$9.1 million due to persistent credit concerns. If not for the combined US$27.2 million revenue contraction from these two clients, 2025 revenues would have grown US$4.4 million despite the backdrop of US tariffs.

As a result of the sales contraction, net profit for the 2025 reporting period decreased 7.4% to US$15.9 million from the prior year. The extraordinary events of 2025 broke a string of 3 consecutive years of record-breaking profitability. However, we are positively encouraged by our net profit margin, which hit a record-high of 7.9% in 2025. We attribute the increase in net profit margin to tight cost controls and improving operating efficiency aided by our digitalization progress, putting us in good stead for 2026 and beyond. We are also proud to have navigated a challenging 2025 with zero bad debt, a direct result of our tightening credit risk controls. With the strong cash-generating capability inherent in our asset-light business model, we were debt-free once again and accumulated a record net cash position of US$41.5 million at the end of 2025, up from US$34.1 million in 2024 despite dividend payments of US$8.1 million during the year.

Reciprocal Tariffs made 2025 the most challenging year for the industry since COVID. US tariffs on most apparel-producing countries started in the 30–50% range in April 2025, with tariffs on China spiking to an embargo-like 150% at one point during the year. Most brands that sell into the US initially reacted to the tariffs by freezing order placement. Both the level of tariffs and the uncertainty played havoc on the industry. After the initial freeze on orders, most brands kept their buying commitments curtailed in fear of committing to higher tariffs today when tariffs could be lower tomorrow. When it was clear tariffs were here to stay and tariff-induced retail price increases were inevitable, brands expected softening consumer demand and further reduced their purchase levels.

Against the tariff backdrop, we did well to have achieved record-high net profit margin and registered growth for the rest of our customer portfolio outside of the former two top clients from 2024. This is a testament to the strength of our versatile, asset-light business model.

Mergers & Acquisitions

With our business negatively affected by the ongoing tariff environment, we put more focus on pursuing inorganic growth through acquisitions. In December 2025, we announced our largest acquisition to date, the acquisition of certain assets and businesses of Active Apparel Group ("AAG"), an Australia-based supplier of activewear such as golf shirts, running shorts and yoga leggings. AAG is a leader in the activewear segment, and it works with premium activewear brands such as TaylorMade, Bad Birdie, Bandit Running, and Tiger Woods's new apparel brand Sun Day Red. This acquisition is our seventh since our 2019 IPO and will continue to strengthen our activewear capability in a segment important to our growth. As is customary from our past 6 acquisitions, we acquired AAG's business but not its factory to safeguard our asset-light business model.

The activewear segment is the fastest-growing one in the apparel industry, and AAG's strength in activewear complements our existing strength in the fashion segment. AAG's product sophistication and customer tier also match our premium positioning. We will add value by cross-selling additional products to AAG's customers and by enhancing operating leverage. In addition, AAG's track record, premium customer base, and proven technical knowhow give us a solid foundation to use our global reach to win new activewear customers.

Future Prospects

Even though US tariffs on most garment-producing countries have come down to the 20% range, the US economy remains on edge, and we believe there is a meaningful risk of a major downturn in the equity and/or crypto markets that could create the reverse wealth effect and tip the US into a recession. There is a growing trend of retail bankruptcies, which have knock-on effects on brands and the supply chain. The recent Saks Global bankruptcy filing in January 2026 is causing brands, some of which are our clients, to write off receivables. Many brands' credit standing are deteriorating, and we will remain very conservative in managing credit risk.

Despite such headwinds, we feel confident that we'll once again out-perform the industry due to the sustainable competitive advantage provided by our asset-light business model. Furthermore, the AAG acquisition will be fully reflected in our 2026 results, and we will have increased capability to win new activewear clients. Once we've stabilized AAG's business, fully integrated it into ours, and converted it into our high-performing asset-light business model, we expect AAG's business to achieve similar profitability metrics as our legacy business's.

Beyond AAG, we are continuing to explore other strategic merger and acquisition opportunities to further strengthen our product category portfolio, expand our production base, and gain scale that creates synergies and operating leverage. Brands' and retailers' declining financial fortunes impact not just us alone but our potential acquisition targets as well. With little relief in sight from a US tariff-impacted world, we expect there will be more merger and acquisition opportunities at reasonable valuations.

Digitalization and Platformization Progress

We have embarked on a new phase of digitalization to revolutionize the way we work. Through fully automated factory invoice handling, and the use of artificial intelligence on tasks such as reading purchase orders and translating tech packs, we are saving processing time on some mundane tasks by up to 90%. We have an ambitious plan to further augment our processes with technology that will allow us to scale efficiency and transform how we work.

Transforming into a digital two-way marketplace platform, which automatically computes costing and digitally matches the optimal factory for each order is a long journey. To accelerate change beyond just making incremental improvements, we incubated a platformization team staffed with experts with experience from other digital platforms to overhaul the way we work with factories. After much trial and error, this team launched a digital marketplace where qualified factories can accept orders on our platform digitally, much like how Uber drivers take ride requests without the need of a human dispatcher from Uber. We are enjoying early success with more than 35 factories having joined this platform, with orders of the simplest styles placed and products already produced and delivered. We are excited to continue building from this foundation.

Conclusion

In a year best described as playing defense rather than offence, we cautiously managed down our business to minimize bad debt risks, navigated the year with record-high net profit margin, and added to our cash pile. By concluding the AAG acquisition in late 2025, we put ourselves back on the growth path for 2026 in spite of the challenging economic environment. Despite the slight reduction of net profit, we are maintaining the same HK7.0 cents final dividend level as the prior year, resulting in a dividend payout ratio of 51.7%.

SZETO Chi Yan Stanley
Chairman of the Board

12 February 2026

Management Discussion and Analysis

Revenue

In 2025, the Company reduced business with a few clients intentionally to mitigate potential financial exposure. This led to revenue of the Group decreased by 10.2% from US$222.9 million in 2024 to US$200.2 million in 2025. The Company continues to maintain such proactive credit risk practices to minimize potential bad debts from clients with poor credit standing. Positively, the revenue excluding these clients experienced growth, showing the effectiveness of a portfolio that serves more than 150 brands in multiple markets. The Company's multi-region and multi-category business model has also assisted customers to mitigate tariff impacts during 2025, leading to stronger business relationships for the long term.

Cost of Sales

Our cost of sales mainly comprises material costs and subcontracting fees. Cost of sales reduced by 10.2% from US$159.4 million in 2024 to US$143.1 million in 2025. Cost of sales as a percentage of total revenue remained at 71.5% in both 2024 and 2025.

Gross Profit and Gross Profit Margin

Gross profit margin was maintained at a healthy level of 28.5% in both 2024 and 2025, highlighting the strength of the Company's business model. Our gross profit decreased from US$63.5 million in 2024 to US$57.0 million in 2025 as a direct result of the reduction in revenue, representing a reduction of 10.2%.

Profit for the Year

The Company recorded a net profit margin of 7.9% which was slightly better than last year. This translated to a net profit of US$15.9 million for the year ended 31 December 2025, a reduction of 7.4% as compared to US$17.1 million for the year ended 31 December 2024. The net change in net profit compared to 2024 was mainly attributable to the following factors:

– The Company dropped business with certain clients to manage exposure risk;

– Higher interest earnings resulting from a strong cash position and effective treasury management;

– A significant decrease in impairment loss on trade receivables. The reversal of impairment loss was due to the Company's robust credit risk control procedures;

– The saving of selling and distribution expenses mainly due to less commission expense.

Management Discussion and Analysis

The robustness of the Company's business model and operational efficiency combined to maintain the gross profit margin and net profit margin for 2025 despite a tumultuous year affected by the global trade war. Potentially significant credit risk was prevented by a controlled reduction in business customers at risk. Moreover, the implementation of a strong credit control system has fortified the Company's cash position, enhancing its ability to generate more interest income. This prudent approach not only mitigated the risks associated of bad debts but also underscored the Company's commitment to maintaining financial stability. As a result, the Company continued to demonstrate resilience, leveraging its operational and financial strategies to ensure sustainable growth and stability even in challenging times.

Liquidity and Financial Resources

Cash and cash equivalents of the Group as at 31 December 2025 were US$41.5 million (2024: US$34.1 million). The Group had no borrowing at the end of 2025, resulting a net cash position of US$41.5 million which was a historical high record, compared to US$34.1 million in 2024. Over the past two years, the Company has consistently achieved record-high cash levels, highlighting its robust financial position and effective credit control practices. This solid foundation not only ensured strong future financial stability but also strategically positioned us for business growth through a substantial number of acquisition projects. The Company is well-prepared to capitalize on opportunities for expansion and strengthen our market presence.

As at 31 December 2025, the Group had net current assets of US$62.6 million. Compared to US$57.3 million as at 31 December 2024, it represented an increase of US$5.3 million. The current ratio for 2025 was 2.7 times whilst it was 2.8 times for 2024 which remained at a healthy position to robust liquidity and efficient management of current assets, providing the Company with the agility to meet short-term obligations and invest in growth opportunities.

The Group obtained bank facilities to fulfil its working capital requirements and to finance purchase of raw materials and payments to contract manufacturers. As at 31 December 2025, the Group had available banking facilities of US$74.0 million which is considered sufficient for the Group's operation.

Gearing Ratio

Equity attributable to the Company amounted to US$69.7 million at 31 December 2025 (2024: US$63.0 million). As at 31 December 2025, the gearing ratio of the Group was 0% (2024: 0%). Gearing ratio is calculated based on the total debts (bank borrowings) divided by the total equity at the end of the year. The 0% gearing ratio for 2025 was mainly due to no bank borrowings at the end of the year.

With the favorable cash and cash equivalents position of the Group, it has led to a net debt to equity ratio (total debts net of cash and bank balances divided by total equity at end of year) of -59.5% in 2025 (2024: -54.0%).

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liability (2024: Nil).

Employees and Remuneration

As at 31 December 2025, the Group employed a total of 344 full-time employees (2024: 347 employees). For the year ended 31 December 2025, the aggregate remuneration of the Group's employees (including Directors' remuneration) increased by US$1.5 million to US$20.3 million (2024: US$18.8 million).

The Company recognises the employees as one of the Group's most important assets. The Company strongly believes in hiring the right talent, nurturing and retaining them. The Group remunerates its staff according to their performance, qualifications and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive bonuses and monetary rewards based on their performance and ratings in annual performance appraisals.

The Group also offers rewards or other incentives to motivate the personal growth and career development of employees. The Company adopted the share option scheme and co-ownership share award scheme with the objectives to recognise contributions made by the eligible employees, to motivate career development and to retain the eligible employees for the continual operation, growth and future development of the Group.

Pledge of Assets

As at 31 December 2025, the Group has no pledge of asset.

Foreign Currency Exposure

The Group's reporting and functional currency is US$ whilst some of the Group's business transactions are denominated in various other currencies, primarily Renminbi and HK$. Foreign currency exchange contracts are used to manage foreign currency exposure. The Group's policy is to monitor its foreign currency exposure and use foreign currency exchange contracts as appropriate, to minimise its foreign currency risks.

Future Plans for Material Investments or Capital Assets and the Expected Sources of Funding

There are no future plans for material investments or capital assets as at 31 December 2025.

Management Discussion and Analysis

Significant Investments Held

No significant investments had been made by the Group for the Reporting Period were required to be disclosed.

Material Acquisition or Disposal of Subsidiaries, Associates and Joint Ventures

The Group had not conducted any substantial acquisition or disposal of subsidiaries, associates or joint ventures that were required to be disclosed during the Reporting Period.

Commitments

Particulars are disclosed in Note 29 to the consolidated financial statements.

Events Occurring after the Reporting Period

On 2 January 2026, the Company acquired certain assets and businesses of the Active Apparel Group ("AAG") whose product sophistication and customer tier are on par with the Company's premium positioning. Further details were disclosed in both the announcement of the Company dated 17 December 2025 and further announcement of the Company dated 9 January 2026. Save for this, there was no event after the Reporting Period that is required to be disclosed.

Corporate Governance Report

The board ("Board") of directors ("Directors") of the Company recognises the importance of good corporate governance and the need to ensure that it is observed and practised throughout the Group. The Group strives to attain and maintain good corporate governance practices and is committed to achieving a high standard of corporate governance and business ethics to safeguard the interests of shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability.

Corporate Governance Practices

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 13 November 2019 (the "Listing Date"). The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since the Listing Date.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

The Group has been in compliance with all the code provisions under the CG code during the year ended 31 December 2025.

Board of Directors

Board composition

The Board is structured with a view to ensuring it is of a high calibre and has a balance of key skills and knowledge and diversity so that it works effectively as a team and individuals or groups do not dominate decision-making.

As at the date of this annual report, the Board comprises three executive Directors and four independent non-executive Directors. Details of their composition by category are as follows:

Executive directors

Mr. SZETO Chi Yan Stanley *(Chairman)*
Mr. TAN William *(Chief Executive Officer ("CEO"))*
Mr. LEE Yiu Ming

Independent non-executive directors

Mr. SEE Tak Wah
Mr. ANDERSEN Dee Allen
Ms. KESEBI Lale
Mr. LIU Gary

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. To the best of knowledge of the Directors, there is no relationship (including financial, business, family or other material relevant relationship) among members of the Board.

Roles and responsibilities of the Board

The Board is responsible for guiding and monitoring the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board delegates the day-to-day management of the business to the executive Directors and the management team. However, certain functions are specifically reserved for the Board which include the following:

- in conjunction with management, establishing a vision and strategies for the Group;
- approving specific items of material capital expenditure, major acquisitions, investments and disinvestments;
- appointing Directors to the Board;
- approving any significant changes to accounting policies;
- approving public announcements, including financial statements;
- approving any interim dividends and recommending any final dividends to Shareholders;
- approving all circulars, statements and corresponding documents sent to Shareholders;
- approving the terms of reference and membership of Board Committees;
- approving Company policies which may be developed from time to time;
- providing leadership and strategic directions for the Group;
- overseeing the proper conduct of the business;
- ensuring prudent and effective controls and risk management system; and
- overseeing the development and implementation of shareholder communication policy.

Chairman and CEO

The CG Code provision C.2.1 requires that the roles of chairman and chief executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who manage the business.

Mr. SZETO Chi Yan Stanley, who is the chairman of the Board of the Company, provides leadership and is responsible for ensuring that the Board is functioning properly with good corporate governance practices and procedures. The Chairman also ensures that Board discussions are conducted in a manner that all views are taken into account before a decision is made.

Mr. TAN William, being the CEO, is responsible for the overall management and corporate affairs of the Company. With the support of the senior management, the CEO has the general responsibility for day-to-day management of the Group's business, implementation of the policies of the Board and making operational decisions. The Board is regularly provided with adequate, complete and reliable information of the Company in a timely manner, which includes but not limited to, the recent development and prospects of the Group.

Therefore, the Board considers that there is sufficient balance of power and authority between the Board and the management of the Company, and that power is not concentrated in the hands of any one individual.

Non-executive Directors and independent non-executive Directors

The role of the non-executive Directors is to bring independent and objective judgment to the Board which mitigates risks arising from conflicts of interest or undue influence from interested parties and protects the interest of minority shareholders. The Board recognises that it is important to periodically assess whether a Director who is designated as independent continues to satisfy such designation. Towards this end, an assessment of independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules is carried out on each of the independent non-executive Directors annually by every other member of the Board.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules and considered that all independent non-executive Directors fulfil the independence requirements set out in Rule 3.13 of the Listing Rules after the annual assessment. The Company considers all independent non-executive Directors to be independent. In compliance with Rule 3.13 of the Listing Rules, the Company has appointed four independent non-executive Directors.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years and shall continue thereafter unless terminated in accordance with the provisions in their respective letters of appointment. The term of appointment of each Director is subject to retirement by rotation and re-election at annual general meeting in accordance with the articles of association of the Company (the "Articles of Association") and the Listing Rules.

Board diversity policy

The Board has reviewed its board diversity policy (adopted on 12 October 2019) ("Board Diversity Policy") during the year ended 31 December 2025. The Company recognises and embraces the importance and benefit to achieve diversity on the Company's Board to corporate governance and the Board's effectiveness. It endeavours to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Board nomination and appointments will continue to be made on merit basis based on its business needs from time to time while taking into account diversity. Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The Board reviews the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

As disclosed in the Prospectus, the aim of the Board and the Nomination Committee is to appoint two female directors to achieve gender diversity. As the Board currently has one female director, the Nomination Committee and the Board have been identifying additional suitable female candidates all along and are of the view that with the appointment of additional female director(s), the diversity of the Board would be further enhanced.

Board committee

The Board has established three committees, namely the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee") on 12 October 2019, to oversee particular aspects of the Group's affairs. Each of the three committees has sufficient resources and its specific terms of reference that are approved by the Board, relating to its responsibilities, duties, powers and functions, which are posted to the Stock Exchange's website and the Company's website.

The board committees will regularly report to the Board on decisions or recommendations made.

Audit committee

The Company has established the Audit Committee pursuant to a resolution of the Board passed on 12 October 2019 with written terms of reference in compliance with the CG Code and Rule 3.21 of the Listing Rules. The Audit Committee is primarily responsible for (i) reviewing and monitoring the financial reporting, risk management and internal control systems of the Company; (ii) oversee the audit processes; (iii) making recommendations to the Board on the appointment and removal of external auditors; (iii) performing the Company's corporate governance functions; and (iv) to monitor continuing connected transactions (if any).

As at the date of this report, the Audit Committee consists of four independent non-executive Directors, namely Mr. SEE Tak Wah (chairman of the Audit Committee), Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary. Mr. SEE Tak Wah is the chairman of the Audit Committee and possesses the appropriate professional qualifications. The Audit Committee met three times during the year ended 31 December 2025. The Chief Financial Officer also attended the meetings of the Audit Committee by invitation. Besides attending meetings, members of the Audit Committee also had ongoing correspondences throughout the year under review.

During the year under review, the Audit Committee held three meetings and carried out the following activities to meet their responsibilities as set out in the terms of reference of the Audit Committee:

(a) reviewed the financial results of the Group for the periods ended 31 December 2024 and 30 June 2025, as well as the related results announcements to the Board, receiving the Board's approval to release the financial results and announcements on the Stock Exchange's website and the Company's website;

(b) monitored the Group's financial controls, internal control and risk management systems;

(c) reviewed the external auditors' management letter and any material queries or issues raised by the auditor; and

(d) reviewed the remuneration, qualifications and independence of the external auditor.

Remuneration committee

The Company has established the Remuneration Committee pursuant to a resolution of the Board passed on 12 October 2019 with written terms of reference in compliance with the CG Code. As at the date of this report, the Remuneration Committee consists of five members, namely Mr. ANDERSEN Dee Allen (Chairman of the Remuneration Committee), Mr. SEE Tak Wah, Ms. KESEBI Lale, Mr. LIU Gary and Mr. SZETO Chi Yan Stanley. The primary functions of the Remuneration Committee include determining the remuneration packages of individual Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year under review, the Remuneration Committee held two meetings to review the remuneration policy, structure of the Company and the remuneration packages of the Directors and other related matters. Details of the remuneration of the senior management by band are set out in Note 11 in the notes to the consolidated financial statements for the year ended 31 December 2025.

Nomination committee

The Company has established the Nomination Committee pursuant to a resolution of the Board passed on 12 October 2019 with written terms of reference in compliance with the CG Code.

As at the date of this report, the Nomination Committee consists of five members, namely Mr. SZETO Chi Yan Stanley (Chairman of the Nomination Committee), Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant policies and procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors (in particular the chairman and chief executive of the Company), and assessing the independence of the independent non-executive Directors. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural, educational background, professional qualifications, skills, knowledge, industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year under review, one Nomination Committee meeting was held.

Environment, Social, and Governance (ESG) Committee

The Company has established the ESG Committee pursuant to a resolution of the Board passed on 21 October 2025 with written terms of reference in compliance with the CG Code.

As at the date of this report, the ESG Committee consists of three members, namely Mr. TAN William (Chairman of the ESG Committee), Mr. SEE Tak Wah, and Ms. KESEBI Lale.

The primary responsibilities of the ESG Committee include guiding and formulating the Company's vision, goals, strategies, and framework in respect of sustainability matters; supervising the Company's management systems, work procedures, and relevant standards and methods in the field of sustainability management, including but not limited to climate change, health and safety, community relations, supplier management, environment, human rights, and anti-corruption, and conducting research and provide recommendations to ensure that the Company's needs are met and that it complies with applicable laws, regulations, regulatory requirements, and international standards. The ESG Committee would also assist the Board in guiding, evaluating, and supervising the Company's culture, management framework, corporate affairs, risk management, and capacity building in the fields of sustainability and ESG, so as to continuously optimise them.

During the year under review, one ESG Committee meeting was held.

Board meetings

The Company has adopted the practice of holding board meetings regularly and holds at least four meetings in a period of 12 months at approximately quarterly intervals to discuss, among other things, the financial performance and the business operation and strategic development of the Group. The Board will also meet from time to time, if necessary, to discuss other matters. Notice of a regular board meeting will be given to Directors at least 14 days prior to such regular board meeting while reasonable notice will be given to all Directors for other board meetings.

Attendance records of meetings

The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meeting during the year under review is set out in the following table:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	ESG Committee meeting	General meeting
Number of meetings held during the year	6	3	2	1	1	1
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**					
EXECUTIVE DIRECTORS						
Mr. SZETO Chi Yan Stanley *(Chairman)*	6/6	3/3	2/2	1/1	–	1/1
Mr. TAN William	6/6	3/3	–	–	1/1	1/1
Mr. LEE Yiu Ming	5/6	3/3	–	–	–	1/1
INDEPENDENT NON–EXECUTIVE DIRECTORS						
Mr. SEE Tak Wah	6/6	3/3	2/2	1/1	1/1	1/1
Mr. ANDERSEN Dee Allen	6/6	3/3	2/2	1/1	–	1/1
Ms. KESEBI Lale	6/6	3/3	2/2	1/1	1/1	1/1
Mr. LIU Gary	6/6	3/3	2/2	1/1	–	1/1

Appointment and re-election of Directors

Each of the executive Directors has entered into a service contract with the Company and is appointed for a specific term of three years unless terminated by not less than two months' notice in writing served by either the executive Director or the Company. Each of the non-executive Director and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years and shall continue thereafter unless terminated in accordance with the provisions in the letter of appointment.

The Company has adopted a nomination policy for directors in which a formal and transparent procedure for the appointment, election and removal of Directors, which is set out in the Articles of Association and is led by the Nomination Committee under its written terms of reference, which will make recommendations on the appointment of new Directors to the Board for approval.

Potential new Board members are identified on the basis of skills and experience which, in the opinion of the Directors, will enable them to make a positive contribution to the performance of the Board.

The procedures and processes of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent nonexecutive Directors.

All Directors are subject to retirement and re-election in accordance with the Articles of Association. Pursuant to the Articles of Association, one-third of all Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each annual general meeting at least once every three years.

The Articles of Association provides that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Full details of changes in the Board during the year and up to the date of this annual report are provided in the section of this annual report headed "Directors' Report".

Continuous professional development

According to Code C.1 principle, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the year ended 31 December 2025, all Directors participated in training courses on directors' responsibilities and obligations under the Listing Rules which covered among other topics, the CG Code as well as the company's and directors' continuing obligations. For newly appointed Directors, each of them receives training materials on the first occasion of his or her appointment to ensure that he or she is fully aware of the director's responsibilities under the Listing Rules and all application laws in Hong Kong. In addition, each of the Directors has, from time to time, reviewed updates on laws, rules and regulations which might be relevant to their roles, duties and functions as a director of a listed company.

Directors' and Officers' insurance

Code provision C.1.7 requires that there should be appropriate insurance cover in respect of legal action against the Directors.

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules (formerly Appendix 10) as its own code of conduct regarding Directors' securities transactions (the "Securities Dealing Code"). Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code for the year ended 31 December 2025 and up to the date of this report.

Auditor's Remuneration

The amount of fees charged by the Company's external auditor, Ernst & Young, generally depends on the scope and volume of the external auditors' work performed.

For the year ended 31 December 2025, the remuneration paid or payable to Ernst & Young in respect of the audit service and non-audit services for our Group are as follows:

Services rendered	US$'000
Audit service	268
Non-audit services	59
Total	306

Company Secretary

Mr. LEE Yiu Ming, an executive Director, is the company secretary of the Company. The company secretary is in charge of preparing and keeping written resolutions and/or minutes of meetings of the Board and the Board committees together with any relevant documents. All matters under consideration including any enquiry and objection by Directors are documented in details. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comments and final written resolutions and minutes will be sent to all Directors for their records. All minutes are open for inspection by any Director at reasonable time upon reasonable notice.

In accordance with Rule 3.29 of the Listing Rules, Mr. LEE Yiu Ming undertook at least 15 hours of relevant professional training during the year ended 31 December 2025.

Directors' Responsibility in Respect of the Financial Statements

It is the responsibility of the Directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements, the Group has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors also consider that all applicable approved accounting standards have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern. The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to issue their opinion to the Shareholders. The independent auditor's report by external auditor, Ernst & Young, about their reporting responsibility on the consolidated financial statements of our Group is set out in the independent auditor's report of this annual report.

Risk Management and Internal Control

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and its senior managerial personnel. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has implemented procedures for identifying and managing risks in accordance with its operation manual ("Operation Manual"). The Operation Manual sets out directions in identifying, evaluating and managing significant risks. At least on an annual basis, the senior managerial personnel identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has hired an internal auditor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group.

Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Both the internal audit report and enterprise risk assessment report rendered by the internal auditor are submitted to the Audit Committee and the Board at least once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; the extent and frequency of communication with the Board in relation to the results of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective.

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

For the year ended 31 December 2025, the Board, through the internal auditor, conducted a review of the effectiveness of the risk management and internal control system, which covered the areas of compliance and risk management. The Board considered the system of the Group to be adequate and effective for the year ended 31 December 2025.

Disclosure of Inside Information

The Group acknowledges its obligation under the Securities and Futures Ordinance ("SFO") and the Listing Rules, and the overriding principle that inside information should be announced immediately when it is the subject of a decision.

The Company makes reference to the "Guideline on Disclosure of Inside Information" issued by the Securities and Futures Commission of Hong Kong in 2012 in handling and dissemination of inside information. The Company has also established and implemented procedures for responding to external enquiries about the Group's affairs. Executive Directors or other senior management staff nominated by the Board as well as the Company Secretary of the Company are authorised to communicate with parties outside the Group.

Shareholders' Rights

An annual general meeting of the Company shall be held each year and at the place determined by the Board. Each general meeting other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Procedures for shareholders to convene an EGM

Pursuant to the Articles of Association, an EGM may be convened on the written request of any two or more Shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the request not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

An EGM may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of two months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for putting forward proposals at shareholders' meetings

There are no provisions in the Articles of Association allowing Shareholders to put forward new resolutions at general meetings. Shareholders who wish to make proposals or move a resolution may, however, convene an EGM in accordance with the "Procedures for shareholders to convene an EGM" set out above.

Procedures for putting enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Board, which contact details are as follows:

Lever Style Corporation
Room 16, Flat B,
1/F, Wing Tai Centre
12 Hing Yip Street
Kwun Tong, Kowloon
Hong Kong

1/F, TinWe Mansion
6 Liu Fang Road
Bao'an District
Shenzhen
China

Telephone: (+852) 2793 8000
(+86) 755 2980 7870

Communication with Shareholders and Investors

The Board adopted a shareholders' communication policy at a board meeting held on 12 October 2019. The Board and senior management recognise their responsibilities to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company. The Company has established various and a wide range of communication channels with the shareholders with the objective of ensuring that the shareholders have equal and timely access to information about the Company in order to enable the shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. The channels include general meetings, annual reports and interim reports, notices and circulars, announcements, and all the published disclosures submitted to the Stock Exchange. In addition, the Company updates its website from time to time to provide the shareholders with information of the Company's recent development.

The annual general meeting of the Company will provide a forum for the Board and the shareholders to communicate. The Board will answer questions raised by shareholders at the annual general meeting. At the meeting, separate resolutions will be proposed by the Chairman for each issue and voting on each resolution will be conducted by poll. The results of the poll will be posted on the respective websites of the Stock Exchange and the Company on the same day of the meeting.

The Company has been striving to maintain high transparency and communicates with the shareholders and the investors of the Company through diversified communication channels. The Company holds press conferences and analyst briefing sessions from time to time to provide the latest business information of the Company to the investors.

As part of its regular review, the Board had reviewed these communication channels for the year ended 31 December 2025 and is of the view that they are effectively and adequately implemented.

Dividend Policy

The Company has adopted a dividend policy in which the Board, when deciding whether to propose a dividend and determining the dividend amount, will take into account, *inter alia*, the following factors:

(i) the general financial condition of the Group;

(ii) the actual and future operations and liquidity of the Group;

(iii) future cash requirements and availability of the Group;

(iv) restrictions on payment of dividends that may be imposed by the Group's leaders (if any);

(v) general market conditions; and

(vi) any other factors which the Board may deem appropriate at such time.

The Board will review the dividend policy from time to time and may exercise at its sole discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

There can be no assurance that dividends will be paid in any particular amount for any given period.

Constitutional Documents

There were no amendments to the Company's second Amended and Restated Articles of Association during the year under review which was adopted at a general meeting of the Company held on 10 June 2022.

Non-competition Undertakings

The Company has received a declaration from each of Mr. SZETO Chi Yan Stanley, Imaginative Company Limited and Lever Style Holdings Limited (the "Covenantors"), the controlling shareholders of the Company, of their compliance with the terms of the non-competition undertaking ("Undertaking"). The Covenantors declared that they have fully complied with the Undertaking during the year ended 31 December 2025 and up to the date of this annual report. The independent non-executive Directors have also reviewed the compliance of the Undertaking by the Covenantors and formed the opinion that the Covenantors have not breached any terms of the Undertaking during the year under review.

Environmental, Social and Governance Report

1. About the Report

The Environmental, Social and Governance ("ESG") Report presents the efforts and achievements made in sustainability and social responsibility by the Lever Style Corporation (the "Company", together with its subsidiaries, the "Group" or "we"). The ESG Report demonstrates our commitments, actions, and performance in fulfilling the principle of sustainable development.

1.1 Scope of the Report

The ESG Report covers the environmental and social performance of all the Group's businesses for the period between 1 January 2025 and 31 December 2025 (the "Year"). Since the major part of business operation of the Group occurs in Shenzhen, the People's Republic of China ("PRC"), unless otherwise specified, the environmental key performance indicators ("KPIs") as disclosed in the ESG Report for the Year are based on the performance of our office in Shenzhen. For details of corporate governance, please refer to the Corporate Governance Report on pages 11 to 25 of the annual report for the Year.

1.2 Reporting Standard

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Code" under Appendix C2 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

1.3 Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting, and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues, and preparing and validating the information reported. The ESG Report covers all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders can have a comprehensive understanding of the Group's ESG performance. Information of the standards, methodologies, references and source of key emission and conversion factors used on these KPIs are stated wherever appropriate. To enhance and maintain comparability of ESG performances between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies and specific standards, the Group has presented and explained in detail in corresponding sections. The Group will continue to adopt consistent methodologies as far as reasonably practicable in the future, in case of any changes that could affect a meaningful comparison of the KPIs between years.

1.4 Information and Feedback

Your opinions on the Group's ESG performance are highly valued. If you have any advice or suggestions, please contact the Company by referring to "Corporate Information" on pages 2 to 3 of the Annual Report for the Year.

2. ESG Management

2.1 ESG Governance

The Group believes that well-established ESG governance principles, strategies, and practices are crucial to the long-term development of its business, especially in increasing investment values and returns. Recognizing this, the Group has established a dedicated ESG Committee in the previous year. The ESG Committee, under the supervision of the Board of Directors (the "Board"), is responsible for the establishment of appropriate and effective ESG risk management measures and internal control systems.

The ESG Committee governs and oversees the Group's ESG development, monitoring the Group's ESG strategies and reporting, as well as the review processes for ESG-related issues. To improve the Group's ESG governance, the committee regularly arranges independent assessments and efficiency analysis on the adequacy and effectiveness of the aforementioned system through an internal review function.

In the previous year, the ESG Committee has assigned third-party ESG professionals for managing the ESG performance of the Company. The committee has also identified potential and material issues to the business and its stakeholders, with the assistance from third-party ESG professionals. The Board has also taken part in the materiality assessment as one of the key stakeholders of the company in providing constructive opinions on the materiality of ESG issues. The ESG Committee is responsible for supervising stakeholder communication channels and ensuring that stakeholders' point-of-view and expectations are properly met.

To ensure the management of ESG issues is on the right track, the Board oversees inter-departmental coordination according to respective targets. The Board also seeks opportunities to set more explicit ESG goals for our group. The establishment of the ESG Committee is a significant step in this direction. It further strengthens our group's commitment to ESG governance.

2.2 Stakeholder Engagement

We believe that our efforts to communicate with stakeholders and address their concerns are closely linked to our success in environmental and social development. Therefore, we actively engage with our key stakeholders through multiple channels. These channels include meetings, announcements, our official website and emails. This engagement helps us understand their expectations regarding ESG aspects. In the long run, it also enables us to integrate sustainability strategies into our business practices.

The following table sets out our key stakeholders, their requirements and expectations for our group, and the corresponding response and communication channels.

Stakeholders	Requirements and Expectations	Response and Communication Channels
Government and Regulators	• Compliance with national policies, laws and regulation • Support local economic growth • Drive local employment • Pay taxes in full and on time • Ensure production safety	• Information reporting regularly • Meet the regulators regularly • Dedicated reports • Examinations and inspections
Shareholders	• Returns • Compliant operations • Raise company value • Transparency in information and effective communication	• Shareholders conferences • Announcements • Email, telephone conversation and company website • Dedicated reports
Business Partners	• Operation with integrity • Equal rivalry • Performance of contracts • Mutual benefit and win-win result	• Review and appraisal meetings • Business communication • Exchanges and discussions • Engagement and cooperation

Stakeholders	Requirements and Expectations	Response and Communication Channels
Customers	• Outstanding products and services • Health and safety • Performance of contracts • Operate with integrity	• Customer service center and hotlines • Customer feedback surveys • Customer communication meetings • Social media platforms
Environmental Regulatory Department	• Compliant emission • Energy saving and emission reduction • Ecosystem protection	• Communicate with local environmental department • Communicate with the locals • Reporting
Industry	• Establishment of industry standards • Drive industry development	• Participate in industry forums • Visits and inspections
Employees	• Protection of rights • Occupational health • Remunerations and benefits • Career development • Humanity cares	• Employee communication meetings • House journal and intranet • Employee mailbox • Training and workshop • Employee activity
Community and the public	• Improve community environment • Participation in charity • Information transparency	• Company website • Announcements • Interview with the media

2.3 Materiality Assessment

With the opinions and information collected from stakeholders through various channels, the Group has a better understanding on the ESG-related issues concerned by the stakeholders. During the current year, we conducted a comprehensive materiality assessment. The assessment aims to identify key ESG issues. This materiality assessment follows a three-step process: identification, prioritisation and validation and review. The confirmed key sustainability issues are all based on the results of the materiality assessment survey implemented in 2025.

Environmental	Labour Practices	Operating Practices	Community Investment
1. Environmental Compliance	9. Employment Compliance	16. Operational Compliance	29. Charity
2. Fleet Emissions Management	10. Remuneration and Benefits	17. Environmental Risks in the Supply Chain	30. Promotion of Community Development
3. Greenhouse Gas Emission	11. Working Hours and Rest Periods	18. Social Risks in the Supply Chain	31. Rural Revitalization
4. Waste Management	12. Diversity and Equal Opportunity	19. Procurement Practices	
5. Energy Management	13. Occupational Health and Safety	20. Product Quality Management	
6. Water Resources Management	14. Training and Development	21. Customer Health and Safety	
7. Green office	15. Prevention of Child Labour and Forced Labour	22. Responsible Sales and Marketing	
8. Responding to Climate Change		23. Customer Service Management	
		24. Intellectual Property Protection	
		25. Research and Development	
		26. Information Security	
		27. Customer Privacy Protection	
		28. Anti-corruption	

According to the result, 10 out of 31 topics were identified as the most important to the Group and our stakeholders. The following table lists the major ESG issues determined through the materiality assessment. This assessment helps us prioritise our corresponding sustainability activities and programmes. These activities and programmes are designed to address stakeholders' needs. It also enables us to monitor our progress in sustainability.

Aspects	Material Issues
Environmental	Environmental Compliance Waste Management
Labour Practices	Employment Compliance Prevention of Child Labour and Forced Labour
Operating Practices	Operational Compliance Environmental Risks in the Supply Chain Social Risks in the Supply Chain Product Quality Management Customer Privacy Protection Anti-corruption

3. Environmental Protection

As a responsible corporation, we protect the environment in the areas where we operate. We also strive to grow our business at the same time. We endeavour to promote sustainable development through various measures. These include reducing resource consumption, raising employees' environmental awareness and encouraging them to participate in environmental protection activities. For example, we use video conferencing for online presentations and meetings. This helps reduce unnecessary overseas business trips. We strictly comply with relevant laws and regulations on waste, exhaust gas and wastewater management. These include but are not limited to the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Environmental Protection Law of the PRC and the Energy Conservation Law of the PRC. During the current year, we are not aware of any material non-compliance with relevant environmental laws and regulations.

Our sustainability performance has been recognised by various institutions and associations. In the future, we will continue to benchmark against industry best practices. This will help us further promote our sustainable development. During the current year, we received the prestigious B Corp Certification. This signifies our dedication to social and environmental responsibility. Additionally, we earned a commendable B-grade in the CDP assessment. This further reinforces our commitment to addressing critical global challenges. These accolades demonstrate our ongoing efforts to align with industry best practices. They also reflect our drive to create positive change for a more sustainable future.

As a supply chain solutions provider, we are not directly involved in manufacturing processes. Therefore, our core business operations did not emit direct air or water pollutants during the current year. All packaging activities are carried out at the facilities of our contracted manufacturers. Despite this, we have implemented a number of policies on waste management, water conservation and energy efficiency. These policies guide our business in fulfilling its long-term commitment to environmental protection. For example, we use products with Water Efficiency Labels. These include water taps and urinal equipment. We also adopt energy-efficient lighting systems across our premises.

3.1 Climate Change

The Group recognizes that climate-related issues have a significant impact on business operations and long-term value. To this end, the Group has integrated climate change considerations into its core strategy and strengthened climate-related risk assessments to comprehensively evaluate their material impacts on the business, thereby formulating targeted mitigation measures. Starting from the FY2025 report, the Group will disclose climate-related information based on a four-pillar framework (Governance, Strategy, Risk Management, and Metrics & Targets) in compliance with Appendix C2 of the HKEX Listing Rules.

Governance

The Group has incorporated climate-related risks and opportunities into its governance system. As the highest governing body, the Board of Directors co-ordinates the review, decision-making, management and supervision of the Group's sustainable development policies and strategies. A dedicated ESG Committee has also been established, which is responsible for handling matters such as climate-related risks and opportunities under the supervision of the Board.

To ensure climate matters are systematically addressed, the ESG Committee has included them in its annual regular meeting agenda, focusing on discussing the Group's climate-related risks and opportunities. Meanwhile, the ESG Committee reviews the progress of climate target implementation annually and adjusts the strategic direction if necessary to ensure continuous advancement.

To enhance the Board's performance of duties, the Group continuously strengthens the directors' professional competence in responding to complex climate challenges through providing professional learning resources, organising special internal training, and facilitating participation in climate-focused programs and seminars delivered by external professional institutions etc. These measures ensuring they accurately grasp the latest developments in climate risks and opportunities.

Under the strategic supervision of the Board, the daily climate governance responsibilities are specifically undertaken by the ESG Committee. Its core functions include integrating climate risks into the Group's overall risk management processes and system, proactively identifying potential climate risks, adopting data-driven decision-making, and collaborating with business departments to formulate implementable climate action plans. These initiatives ensure the Group responds to climate change challenges systematically, providing solid support for long-term sustainable development.

Strategy

The Group is committed to enhancing its business resilience to climate change and building an environmentally friendly enterprise. The Group has optimised its risk assessment processes to systematically analyse the potential impacts of climate change on its business and value chain, thereby evaluating and formulating optimal mitigation plans.

To achieve the aforementioned objectives and address the limitations of traditional risk assessment methods in identifying long-term climate impacts, the Group conducted a comprehensive climate scenario analysis for the first time in FY2025. This analysis covers two major categories: physical risks and transition risks, with detailed screening and evaluation of each risk type and potential opportunities:

- **Physical risks:** Risks arising from the physical impacts of climate change, including acute risks caused by extreme weather events and chronic risks resulting from the long-term evolution of climate patterns.

- **Transition Risks:** Risks associated with the shift to a low-carbon economy, which may involve mitigation and adaptation requirements such as adjustments to climate change-related policies and regulations, technological innovations, and market changes.

To conduct a comprehensive analysis of climate-related risks and opportunities that may arise throughout its business development, the Group needs to take into account factors such as global temperature rise pathways, changes in climate policies, and time horizons of impact. Therefore, it has selected scenario assumption models and relevant parameters from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and the Phase 5 public release of the Network for Greening the Financial System (NGFS). The selected scenarios are aligned with the nature of the Group's industry and strategic goals, and consistent with China's 'dual carbon' strategy. The Group has conducted climate scenario analysis covering both low-emission and high-emission scenarios to better understand the impacts of climate change on the Group.

Methodology and Scope

Scope	Same as the reporting boundary, which covers the Group's office in Shenzhen
Scenario Used	IPCC for physical risks analysis: • **SSP 1-2.6**: Global warming reaches 2.0°C. Governments' social, economic and clean energy transitions align with historical trends. Stringent policies amplify transition risks for enterprises, while physical risks remain notable. • **SSP 5-8.5**: Global warming exceeds 4°C. Delayed government climate action, stalled emission reduction/adaptation and insufficient policies drive extreme climate impacts, increasing enterprises' immediate and long-term physical risks. NGFS for transition risks analysis: • **Net Zero 2050**: Early adoption of stringent climate policies. By reducing energy demand and advancing low-carbon technologies, it aims to limit global warming to well below 1.5°C and achieve global net-zero carbon dioxide emissions around 2050. • **Current Policies**: Only currently implemented climate policies remain in place, leading to continued growth in GHG emissions. Global warming is projected to exceed 3°C, resulting in severe physical risks.
Time Horizon	Time horizon covers short-term (up to 2030), medium-term (up to 2040), and long-term (up to 2050)
Assumption	• Existing mitigation measures remain the same. • Assets and operation location remain the same.

The Group recognises that combining quantitative and qualitative analysis enables a more comprehensive assessment of climate-related risks and opportunities. However, as relevant operational data is scattered across various business departments and universally accepted measurement methodologies within the industry remain highly uncertain, the Group is currently unable to reliably compile various cross-industry metrics in a reasonable and cost-effective manner. Furthermore, the Group's climate-related initiatives (such as maintaining robust and resilient business operations and monitoring emerging climate regulations) have been fully integrated into daily business operations, with no separate identifiable funds earmarked specifically for addressing climate-related risks and opportunities. This operational integration also renders it difficult for the Group to provide quantitative data on the current and anticipated financial impacts of such climate initiatives.

Nevertheless, the Group has identified the core financial implications of key climate-related risks and opportunities and provided detailed qualitative disclosures in the tables below. It is also actively enhancing internal data integration systems and scenario-modelling capabilities to gradually improve the granularity of quantitative climate-related disclosures, and commits to promptly disclosing the quantitative impacts on its financial position, operating performance and cash flows should material adjustments be made to its operational strategy.

Through assessments and analysis under the selected high/low-carbon scenarios and time horizon (2030-2050), the following six climate-related risks and opportunities have been identified. Detailed qualitative assessment results for these risks and opportunities are presented in the tables below.

Risks and opportunities levels from assessment results

Types of Risk	Key Affected Area	Short-term (by 2030)		Medium-term (by 2040)		Long-term (by 2050)	
		SSP 1-2.6	SSP 5-8.5	SSP 1-2.6	SSP 5-8.5	SSP 1-2.6	SSP 5-8.5
Extreme Weather Events	The Group's office in Shenzhen	Medium	High	Medium	High	Medium	Very High
Change in Precipitation Patterns		Medium	High	Medium	High	Medium	Very High

Types of Risk	Key Affected Area	Short-term (by 2030)		Medium-term (by 2040)		Long-term (by 2050)	
		Net Zero 2050	Current Policies	Net Zero 2050	Current Policies	Net Zero 2050	Current Policies
Change in Market Demand	The Group's office in Shenzhen	Medium	Medium	High	High	Very High	High
Policy & Regulation Tightening		High	Medium	High	High	Very High	High

Types of Opportunity	Key Affected Area	Short-term (by 2030)		Medium-term (by 2040)		Long-term (by 2050)	
		Net Zero 2050	Current Policies	Net Zero 2050	Current Policies	Net Zero 2050	Current Policies
Operational Energy Efficiency Optimisation	The Group's office in Shenzhen	Low	Low	Medium	Low	Medium	Low
Sustainable Apparel Portfolio Expansion		Low	Medium	High	Medium	High	Medium

Risk and opportunity Severity Definitions

- **Very Low:** Can be temporarily deprioritised.
- **Low:** Handle through standard existing processes.
- **Medium:** Need to be monitored consistently.
- **High:** Require management strategy planning and implementation tracking.
- **Very High:** Require immediate action and prioritised management strategy planning.

Qualitative Description of Risks and Opportunities Assessment Result

Physical Risks				
	Types of Risk	Key Affected Area	Impact on Business	Impact on Financial Performance
Acute	Extreme Weather Events	The Group's office in Shenzhen	**Business model:** Severe weather disasters prevent the Group from meeting customers' urgent order requirements. This leads customers to switch to competitors, resulting in the loss of long-term orders. **Value Chain:** Weather-related issues disrupt the production and warehousing operations of nearby raw material suppliers.	**Revenue Loss:** Order delivery delays or cancellations directly lead to a decline in sales revenue. **Cost Spikes:** Emergency repairs and temporary rental of alternative warehouses will raise costs.
Chronic	Change in Precipitation Patterns		**Business model:** Customers may shift their demand due to climate adaptation and turn to purchasing more products made with fabrics suitable for the new climate conditions. **Value Chain:** Increased frequency of inventory quality inspections. This measure aims to address the mold risk potentially caused by changes in precipitation patterns.	**Increased capital expenditure:** Rising expenditure for infrastructure retrofits including waterproofing, humidity control. **Rise in operating expenditure:** Higher costs for climate-affected raw materials.

Transition Risks

Types of Risk		Key Affected Area	Impact on Business	Impact on Financial Performance
Change in Market Demand	Consumer preferences are increasingly shifting toward more sustainable products and consumption patterns, directly influencing their purchasing behavior.	The Group's office in Shenzhen	**Business model:** Weakened customer loyalty among eco-conscious shoppers. **Value Chain:** Need to adjust brand partnership evaluation criteria to prioritise sustainable product lines.	**Revenue Shifts:** Loss of sales due to eco-conscious consumers shifting to competitors. **Sourcing Costs:** Increased expenses from renegotiating partnerships with sustainable brands.
Policy & Regulation Tightening	Implementation of new ESG disclosure mandates, and sustainability regulations in key markets.		**Business model:** Reputational damage risk due to non-compliance – eroding brand standing and undermining trust among customers, investors, and partners. **Value Chain:** Mandatory tracking and reporting of emissions across all operational segments.	**Compliance Penalties:** Exposure to financial fines for non-compliance with climate disclosure mandates. **Governance Costs:** Additional investment required for carbon accounting tools, upgraded reporting systems, and sustainable packaging solutions.

Opportunities			
Types of Opportunities	**Key Affected Area**	**Impact on Business**	**Impact on Financial Performance**
Operational Energy Efficiency Optimisation	The Group's office in Shenzhen	**Business model:** Enhanced operational resilience through reduced dependence on the centralized energy grid. **Value Chain:** Streamlined warehouse and office operations achieved via the integration of energy-saving systems.	**Utility Savings:** Reduced electricity costs contribute to improved operating margins.
Sustainable Apparel Portfolio Expansion		**Business model:** Elevated positioning as a sustainable supply chain solutions provider. **Value Chain:** Expanded brand diversity with sustainable features.	**Revenue Diversification:** New income streams are generated by offering sustainability-focused custom apparel services. **Revenue Uplift:** Sales growth is supported by expanding sustainable product lines and penetration into niche customer segments.

Mitigation and Response Measures of Risks and Opportunities Assessment Result

Types of Risks	Mitigation Measures
Extreme Weather Events	• Published Policies for responding to climate change events to respond promptly to whenever impacts due to climate-related risk arise.
Change in Precipitation Patterns	• Communicate relevant special work arrangements to employees promptly to ensure their safety.
Change in Market Demand	• Continuously monitor evolving consumer preferences for sustainable products. • Maintain adaptable brand partnership frameworks to align product portfolios with market trends.
Policy & Regulation Tightening	• Align climate disclosures with regulatory requirements to meet expectations from regulators and investors. • Engage suppliers in collaborative sustainability initiatives.

Types of Opportunities	Response Measures
Operational Energy Efficiency Optimisation	• Replace all company vehicles with new energy vehicles.
Sustainable Apparel Portfolio Expansion	• Incorporate sustainability criteria into the evaluation process for new brand partnerships and retail concept introductions.

While the Group has not yet developed climate-related transition plan, we have already implemented the abovementioned mitigation and response measures. These measures are funded and executed through our group's internal capital and existing human resources. We have also explicitly identified the material Scope 3 categories relevant to our group's business. Additionally, we established climate-related targets during the current year. These targets aim to fully advance our group's decarbonisation and climate resilience efforts.

All costs associated with these climate-related initiatives are fully integrated into the Group's overall operational budgets, so there is no standalone tracking of capital expenditure, financing arrangements, or dedicated investment amounts for climate risks and opportunities. In addition, we have implemented the mitigation and response measures disclosed in the previous reporting period across all operating locations. Going forward, we will regularly monitor climate-related risks and opportunities. We will evaluate the effectiveness of mitigation measures, and adjust strategies based on our operational conditions. We will also update climate-related targets that align closely with our operational performance. These clear goals will guide the orderly advancement of all climate response initiatives. They will further strengthen our group's adaptive resilience to climate change challenges.

Risk Management

The Group has integrated the processes for identifying, assessing, prioritising and managing climate-related risks and opportunities into its overall risk management framework and system, embedding climate risk management into day-to-day operations. It also ensures that the Group effectively addresses the challenges posed by climate change. This integration aligns with its existing risk management structure and no significant changes were made to its risk management process during the Year.

Climate Risk and Opportunity Management Process of the Group

1.	Identification	The group have implemented risk identification and management procedures in accordance with our group's Operations Manual. The manual sets out the policies for identifying, assessing and managing material risks. We also conduct research into climate change trends, domestic and international industry developments, and technological advancements, undertakes peer benchmarking, and gathers stakeholders' opinions. It also performs climate-related scenario analysis, taking into account its operational conditions and business characteristics. These efforts enable the comprehensive and objective collection of insights on potential climate risks and opportunities across all the Group's business locations, ensuring the resulting list of climate risks and opportunities covers key links throughout the entire business process.
2.	Evaluation	The Group conducts a comprehensive assessment, analysing the potential impacts of climate-related risks and opportunities on its business model, value chain, and financial performance, as well as their likelihood of occurrence.

3.	Prioritisation	Based on the assessment results of climate-related risks and opportunities, the Group prioritises the identified items according to their likelihood of occurrence and significance of impact. This prioritisation process aligns with its overall risk management framework and business objectives.
4.	Monitoring	The Group's ESG Committee regularly evaluates and monitors the identified climate-related risks and opportunities, as well as the effectiveness of corresponding mitigation and response measures. Meanwhile, it periodically reports the results of identifying, assessing, and managing climate-related risks and opportunities to the Board. This strengthens the Board's oversight of risk and opportunity management and ensures the effective implementation of risk response measures and opportunity capture initiatives.

Metrics and Targets

The Group regards enhancing climate resilience and promoting sustainable operational practices as core strategic priorities. Under the guidance of global climate commitments, the Group prioritises alignment with China's national "dual carbon" strategy – initiatives that serve as a key foundation for China's fulfillment of its commitments under the Paris Agreement. To comply with the aforementioned climate frameworks, the Group continuously assesses its ESG key performance indicators and formulates targeted emission reduction and management objectives that match the requirements of national and regional climate and sustainable development frameworks. In 2023, our group is officially accredited by the Science-Based Targets initiative (SBTi), as displayed on the SBTi global website. The SBTi provides a framework for companies to set science-based targets that align with the goals of the Paris Agreement. Meanwhile, the Board will continue to refine the mechanisms for formulating, evaluating and verifying these objectives to ensure the transparency and credibility of decarbonisation efforts.

To translate goal management into tangible emission reductions, the Group focuses on conducting substantive decarbonisation actions through energy efficiency improvements and operational process optimisation. Additionally, we have signed the United Nations Framework Convention on Climate Change's Fashion for Global Climate Action, manifesting our dedication to a low-carbon future. We have obtained the ISO14064-1:2018 Greenhouse Gas Verification statement at the organization level, which is used for the quantification and reporting of greenhouse gas (GHG) emissions and removals. Not only that, but we have also achieved a remarkable milestone by obtaining the SGS Group Verification Statement of Achievement of Carbon Neutrality. To offset our carbon emissions, we have been actively purchasing green electricity. As a result, we are now a carbon-neutral company.

Carbon Reduction Targets for the Group's Operation Sites

Category of Target	Description
GHG Emission	• We are exploring potential means to offset our carbon emission and aim at achieving "Net Zero" in the long run.
Energy Management	• We aim at diverting the energy source from fossil fuels to renewable energy and strive to improve energy efficiency through process optimization.
Waste Management	• We aim at continuously advocating the importance of 3R (reducing, reusing, and recycling) principles among our employees and assess waste management performance of our partnered production facilities.

During the current year, the Group has conducted the identification, assessment and inventory of greenhouse gas (GHG) emissions to effectively manage its GHG footprint. These efforts cover the Group's main operational activities, with the calculation of Scope 1 and Scope 2 emissions completed in accordance with the requirements of the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). Furthermore, the Group has initially completed the mapping of Scope 3 emission sources with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). Based on its core business, estimated emission scale, data availability and peer research, the Group has included the following categories in its Scope 3 emission calculation:

- Category 1: Purchased Goods and Services;
- Category 5: Waste Generated in Operations;
- Category 6: Business Travel.

Greenhouse gas emissions from the Shenzhen office during the Year are as follows:

GHG emissions	**2025**	2024
Total GHG emissions (tonnes CO_2e)[1]	**3,586.44**	504.25
Scope 1 – Direct Emissions (tonnes CO_2e)	**0**	0
Scope 2 – Energy Indirect Emissions (tonnes CO_2e)[2]	**347.77**	358.23
Scope 3 – Other Indirect Emissions (tonnes CO_2e)[3]	**3,238.67**	146.0
Intensity (tonnes CO_2e/employee)[4]	**1.01**	1.03

1 Greenhouse gas emission is presented in tonnes of carbon dioxide equivalent, and includes carbon dioxide, methane and nitrous oxide as its inventory.

2 Calculated based on the "2021China Regional Power Grid Average Carbon Dioxide Emission Factors" (《2021年中國區域電網平均二氧化碳排放因子》) issued by the National Development and Reform Commission of the PRC.

3 We have updated the categories of Scope 3 GHG emissions for the current year compared with last year. New categories have been added, namely Purchased Goods and Services, Waste Generated in Operations and Business Travel.

4 Accordingly, the total GHG emissions used for calculating our emission intensity have been adjusted to the sum of Scope 1 and Scope 2 emissions.

Aligned with the Group's key strategic focus on optimising core business performance and creating long-term value, and consistent with its current risk management approach, the Group has not yet incorporated internal carbon pricing (ICP) mechanisms nor integrated climate-related factors into its remuneration policy or governance frameworks. This is primarily because these elements have not demonstrated direct and material relevance to its industry, current operational priorities or financial decision-making needs. The Group will continue to monitor advancements in climate-related indicators, industry best practices and ICP applications, and will proactively assess the feasibility of integrating these elements into its governance frameworks and remuneration policies when conditions mature.

3.2 Energy Conservation

The consumption of electricity is the major sources of energy consumption of the Group. The Group, being aware of the possible impacts resulted from the use of energy such as the emission of greenhouse gases, shouldered the burden of emission reduction and dedicated considerable efforts to reducing energy consumption in our office operation. As a short term goal, the Group aims at diverting the energy source from fossil fuels to renewable energy and strive to improve energy efficiency through process optimization. The energy consumption of the Shenzhen office during the Year is as follows:

Energy Consumption	**2025**	2024
Total energy consumption (MWh)	**655.4**	643.4
Direct energy consumption – fuel used for vehicles (MWh)	**0**	0
Indirect energy consumption – purchased electricity (MWh)	**655.4**	643.4
Intensity (MWh/employee)	**1.90**	1.85

We have implemented multiple measures to effectively reduce energy consumption. In terms of lighting systems, we ensure all light fixtures and lamps are cleaned regularly. This maximises their efficiency. We have also installed energy-efficient lighting in our offices. In addition, we encourage employees to turn off lights during lunch hours. We have divided the office area into different lighting zones. This allows the lighting system to be used more flexibly. We also maximise natural light in the workplace as far as practicable.

We also ensure filters and fan coil units of the air conditioning system are cleaned regularly. This maintains the system's high efficiency. Employees are allowed not to wear ties and full suits in hot weather. This helps reduce the use of air conditioning. We set the minimum temperature of the air conditioning system to around 25.5 degrees Celsius. We also seal the doors and windows to prevent cool air leakage. This maintains indoor temperature efficiently. Through regular inspection and maintenance, we have significantly reduced the possibility of refrigerant leakage. We strive to prevent any form of energy wastage. Therefore, we set all computers to sleep mode when idle. We also switch off ICT equipment during non-operating hours. We will continue to strengthen our energy-saving measures. Our goal is to become an energy-efficient enterprise.

3.3 Green Raw Materials

The Group is highly aware that the use of chemical and synthetic dyes derived from petroleum may cause severe pollution to the environment due to its potentially harmful properties. In order to create a pollution and toxic free environment, the Group has included natural dyes derived from plants and fruit for garment and apparel production. The non-toxic and non-polluting nature of natural dyes means it can be put on the compost and will not cause harm to the environment. Besides, the Group actively responded to the Greenpeace Detox Campaign, which aims to remove toxic chemical usage in apparel. To demonstrate our commitments to using sustainable materials, we are certified to Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Responsible Down Standard (RDS), OCS (Organic Content Standard), Responsible Wool Standard (RWS) and Recycled Claimed Standard.

We also extensively source sustainable and circular materials including organic cotton, BCI cotton, recycled polyester & rayon fabrics, and degradable plastics and polybags. The production facilities in our multi-country manufacturing platform meet international certification standards such as ISO14001 which focuses on energy-saving, water-saving, waste water treatment, and chemical management. They follow our customers' chemical management guidelines, as well as ensuring all the chemicals used in washing have qualified testing reports and meet ZDHC (Zero Discharge of Hazardous Chemicals)'s MRSL (Manufacturing Restricted Substances List) requirements. Strict measures such as control on toxic chemical usage in production lines and conducting stringent chemical management audits at production sites were implemented. To know more about sustainable sourcing practices, please refer to the Supply Chain Management section.

3.4 Waste Management

General office waste is our major type of non-hazardous waste. The Administration Department is responsible for the recycling and disposal of non-hazardous waste. It engages recycling companies to collect such waste on a regular basis. Hazardous waste, such as toner cartridges, is returned to vendors for recycling. This avoids detrimental impacts to the environment. Although our operations do not generate significant quantities of waste, we aim to continuously advocate the importance of the 3R (reducing, reusing, and recycling) principles among our employees. We also assess the waste management performance of our partnered production facilities. To this end, we ensure that both non-hazardous waste and hazardous waste are collected, disposed of and processed in a proper and legal manner. As for office waste, we purchase products with improved recyclability, higher recycled content, reduced packaging materials and greater durability. We also encourage our employees to reduce the use of disposable and non-recyclable products. We urge them to reuse stationery items as much as possible to achieve waste reduction. For example, we encourage our employees to use refills to reuse pen barrels instead of discarding the entire pen. We also encourage them to use rechargeable batteries instead of disposable batteries. Employees are also reminded to recycle old computer products and other electrical or electronic products as far as practicable.

In addition, we proactively avoid or reduce paper waste generation. We use electronic means to disseminate internal information. We set printers to default to duplex printing. We also monitor printing volumes on a regular basis.

Waste generated by the Shenzhen office during the Year are as follows:

Wastes	**2025**	2024
Non-hazardous waste (tonnes)[1]	**52.9**	60.8
Intensity (tonnes/employee)	**0.15**	0.18
Hazardous waste (kg)	**7.5**	3.5
Intensity (kg/employee)	**0.02**	0.01

1 The amount of non-hazardous is calculated with conversion factor provided by the Shenzhen Urban Management and Comprehensive Law Enforcement Bureau.

3.5 Water Conservation

Water is a precious resource. We recognize the importance of water conservation. We aim to increase our water consumption efficiency in future operations. This will be achieved by raising employees' awareness and deploying water-efficient equipment. To this end, we strongly promote water-saving processes, equipment and appliances. These include products with Water Efficiency Labels, such as water taps and urinals. We will also put up water-saving reminder labels in toilets. We encourage employees to turn off faucets when not in use.

As a supply chain solutions provider, we do not produce or discharge any industrial wastewater in our business operations. To minimise wastewater impacts, we deployed water-efficient and zero-discharge washing machines in the development centre. This ensures no adverse environmental impacts are posed. In addition, all domestic sewage generated from daily office use is discharged into the municipal sewage pipe network for treatment. The Administrative Department supervises and controls wastewater discharge. It conducts weekly inspections of wastewater drainage pipelines.

During the Year, the Group did not face any issue in sourcing water. The water consumption of our Shenzhen office in this Year is as follows:

Water Consumption	**2025**	2024
Total water consumption (m^3)	**4,196**	3,876
Intensity (m^3/employee)	**12.16**	11.17

4. Employee-focused

Employees' dedication and contributions are essential to the long-term and sustainable development of our group. We understand that sound employment policies enable us to attract and retain talents. Therefore, in addition to complying with relevant laws and regulations on employment, occupational safety and labour standards, we strive to provide employees with a positive working environment. We also safeguard their well-being and health. We have also put in place human resources policies. These policies guide matters relating to employment and termination, salary review and promotion, as well as employee welfare and equal opportunities.

4.1. Health and Safety

We always prioritise employees' health and safety. Therefore, we are devoted to providing and maintaining a healthy and safe workplace for our staff and other persons likely to be affected by our business operations. We do this by complying with relevant laws and regulations, such as the Occupational Safety and Health Ordinance of Hong Kong, the Law of the PRC on the Prevention and Control of Occupational Diseases and the Law of the PRC on Work Safety.

Health and safety standards are given prime consideration in our operations. We also strongly uphold regulatory compliance in this regard. Employees at all levels are accountable for maintaining a rigorous and injury-free working environment. This is especially true for the management and the Health and Safety Committee, who lead the implementation of safety initiatives.

We have implemented safety guidelines. We also organise regular educational training to promote the prevention of occupational diseases. For example, we remind employees to keep the workplace clean at all times. We also provide training on first aid and preventive measures to strengthen employees' safety awareness. Employees are required to strictly comply with working and operational procedures. They must also adhere to laws and regulations relating to occupational health and safety. This helps them consciously prevent accidents and occupational diseases. We also participate in annual fire and evacuation drills to raise safety awareness among employees.

In case of any work-related injuries or illnesses, or reports on unsafe and unhealthy work practices, we will respond promptly. We will investigate the cases, plan remedial measures and provide necessary assistance to the persons involved. During the current year, the number of work injuries and the number of loss days due to work injuries we recorded were both 0 (the number of work injuries in 2024: 0). There were no work-related fatalities in the past three years.

4.2. Remuneration and Welfare

We provide all employees with a wide range of welfare and benefits. This is our way of caring for employees and stimulating their work initiative at the same time. All employees are entitled to various types of leave in accordance with applicable laws. These include public holidays, annual leave and maternity leave. If a scheduled day off falls on a statutory holiday, we offer compensatory time off on the following working day. Meanwhile, in compliance with local government requirements such as the Social Insurance Law of the PRC, we make contributions to social insurance schemes and the Housing Provident Fund for our employees. We also provide additional employee benefits, including discretionary bonuses, training opportunities and provident fund contributions.

We firmly believe that our employees are the cornerstone of our group's success. Therefore, to retain talents and build a high-calibre, highly motivated team, we review and adjust our employees' salary structure on an annual basis. We offer employees a competitive remuneration package, which is benchmarked against both internal standards and external market levels to serve as an effective incentive. In addition, we recognise that a good work-life balance is essential to maintaining employees' motivation and work efficiency. During the current year, we continued to organise various leisure activities. These activities help strengthen staff relationships and provide employees with opportunities to relax and interact with one another. Examples include monthly birthday parties, monthly gatherings, an annual dinner and festival-related celebrations.

4.3. Career Development

We are convinced that business success is highly dependent on the continuous improvement in employees' performance and productivity. Consequently, we acknowledge the significance of enhancing employees' knowledge and skills. We also aim to promote their long-term career development and growth within our organization.

During the current year, we conducted a variety of training programmes for employees at different levels and from different departments. For instance, we organised regular training on different apparel categories. This keeps employees updated with the latest industry trends. We also provided hard skills training, such as the usage of Microsoft Office tools. This better equips employees with the optimal skills required for their work. We offered case study sessions covering topics including new customer service, enterprise mobility, information security, trade terms and sustainability programs for fast retailing. Moreover, we organised new employee orientation programmes. These sessions help newly joined staff get familiarised with our group's businesses, operations and culture. We also arranged supply chain management training courses. These courses enable employees to gain a deeper understanding of supply chain management practices.

During the Year, the average training hours per employee and percentage of trained employees of the Group are as follows:

Average Training Hours per Employee (Percentage of Trained Employees)	2025	2024
By Employee Category		
Senior	**8.7 (35%)**	0 (0)
Intermediate	**6.8 (79%)**	2.3 (60%)
Junior	**4.2 (51%)**	1.1 (48%)
By Gender		
Female	**5.6 (58%)**	1.5 (54%)
Male	**3.8 (51%)**	0.9 (40%)

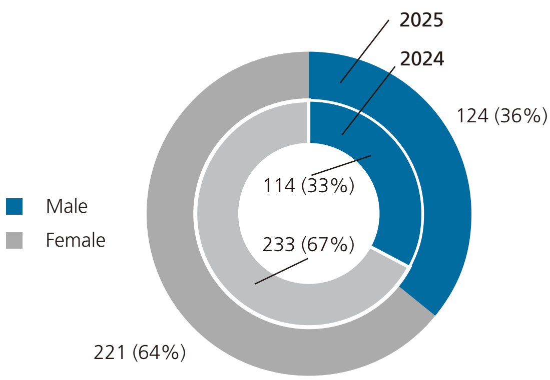
While education acts as the foundation for the growth and development of our employees, we also strive to provide diverse promotion opportunities and clear career pathways to our employees. Appraisal review for employees is conducted regularly so that employees who have met the expectations and achieved strong performance can be considered for promotion. It is hoped that every employee can advance their career by working in the Group.

4.4. Diversity and Inclusion

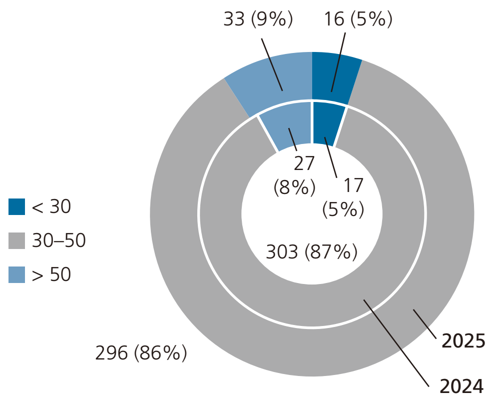
We are an equal opportunity employer. We assure all candidates of a fair and open recruitment process. We strictly comply with the Employment Ordinance of Hong Kong, the Labour Law of the PRC and the Labour Contract Law of the PRC. We highly value anti-discrimination and do not tolerate any form of discrimination. This applies to recruitment, promotion, training and reward allocation for all employees. Discrimination on the grounds of race, colour, sex, age, religion, national origin, sexual orientation, marital or veteran status, ancestry, citizenship, disability or any other characteristics protected by law is prohibited. Only employees' contributions, job performance, qualifications and skills are taken into account during employee assessment processes. Employees who believe they have been subjected to discrimination or harassment can report the cases to their supervisors, managers or the human resources department for investigation.

As at 31 December 2025, the Group employed a total of 345 employees. The distributions of employees by different categories of the Group are as follows:

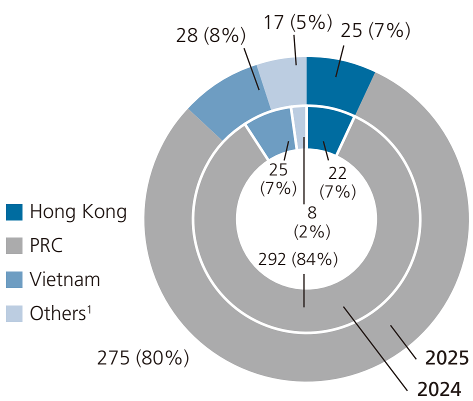
By Gender



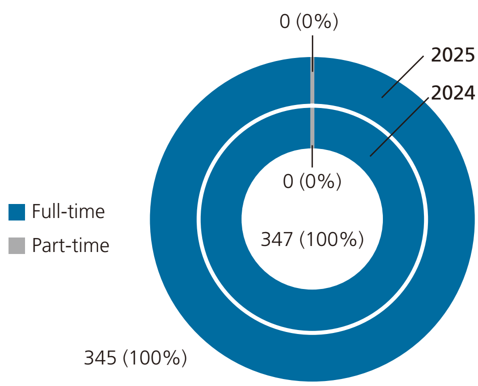
By Age



By Geographical Location



By Type of Employment



1 Others include the Europe, America and Bangladesh.

1 Other Include the Europe, America, Bangladesh.

As at 31 December 2025, the turnover rates of employees of the Group by different categories are as follows:

	2025	2024
By Gender		
Female	**28%**	30%
Male	**25%**	26%
By Age		
Below 30	**30%**	51%
30–50	**28%**	28%
Above 50	**13%**	23%
By Geographical Location		
Hong Kong	**30%**	36%
PRC	**27%**	29%
Vietnam	**34%**	24%
Others[1]	**16%**	15%

1 Include Europe, America, Bangladesh

4.5. Employee's Rights and Interests

The Group strictly prohibits the employment of child labour in accordance with the relevant laws and regulations such as the Employment of Children Regulations of Hong Kong and the Provision on the Prohibition of Using Child Labour of the PRC. The Group ensures that no child labour is employed by verifying the identity of new employees before the commencement of work. Whenever such practice is discovered, the Group would investigate the case thoroughly and dismiss relevant employees immediately. The Group follows relevant regulations to define working duration for employees and adopt a five-day working week arrangement so as to assure employees of sufficient rest time and prevent forced labour. Upon receipt of resignation from an employee, the Group will conduct an exit interview to understand his/her reason for resignation.

5. Business Optimisation

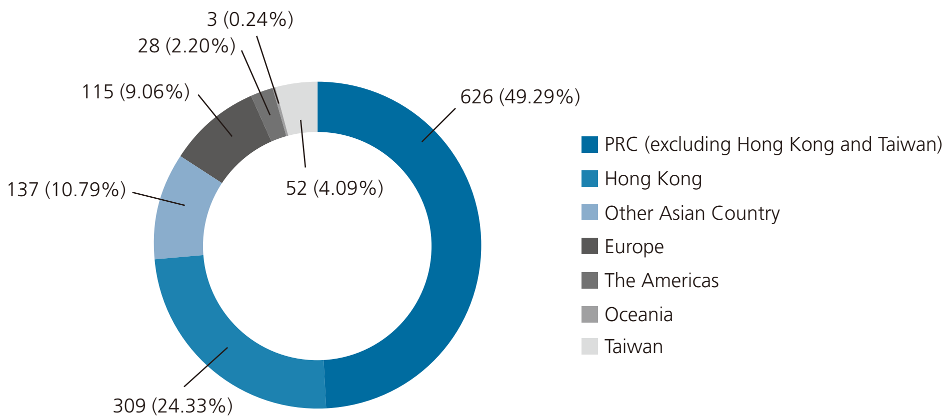
The sustainable development of an enterprise highly hinges on the quality and efficiency of its business operations. On top of complying with relevant laws and regulations concerning product quality and safety, advertising, including but not limited to the Product Quality Law of the PRC, Copyright Law of the PRC, Patent Law of the PRC, and Advertising Law of the PRC, the Group strictly manages supply chain and oversee the quality of raw materials and products, earnestly serving its customers and behaving ethically in the market.

5.1. Supply Chain Management

We aim to fully fulfil our environmental and social responsibilities. Therefore, comprehensive management of all business operations, including supply chain management, cannot be neglected. To ensure that we receive qualified products and quality services that meet our requirements, we work closely with our supply chain partners. We also conduct thorough oversight of our supply chain practices.

During the Year, the number of suppliers by geographical location are as follows:

Records of Suppliers 2025



We have established strict supplier selection procedures. During the supplier selection process, we evaluate suppliers based on multiple factors, including product quality, delivery performance, production capacity and regulatory compliance. Only suppliers that meet our criteria may be included in our list of qualified suppliers. For example, suppliers should have a written policy in place to regulate the personal conduct and behaviour of their employees. Alternatively, they should provide an open and transparent report on their material environmental, social and governance (ESG) risks, as well as the measures taken to address those risks. In addition, we conduct an annual supplier evaluation. We remove suppliers that fail to meet our cooperation standards from the list of qualified suppliers.

We have implemented a supplier scorecard system. This system helps us identify potential supply chain risks, including environmental and social risks. We review updates to global and local supply chain-related policies. This enables us to identify potential environmental and social risks in our supply chains that may have financial impacts on our business. Meanwhile, we consult risk management and supply chain sustainability specialists. This helps us identify and understand the nature of environmental and social risks. We also assign dedicated personnel to manage these risks.

We also aim to achieve responsible purchasing and build a competitive advantage through green procurement. Raw material sourcing plays a significant role in our supply chain. Therefore, we attach great importance to promoting responsible and environmentally friendly raw material sourcing. Throughout our raw material selection process, we actively prioritise suppliers that comply with responsible raw material sourcing standards. These include the Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Responsible Down Standard (RDS), Organic Content Standard (OCS), Responsible Wool Standard (RWS) and Recycled Claimed Standard. This ensures that the textiles and other raw materials we use are sourced from organic and recyclable sources, and do not involve any harm to animal welfare.

In addition to setting requirements for suppliers, we also work closely with them to help improve their environmental performance. For example, the garment and apparel industry is highly water-dependent. It may also pose significant wastewater risks to the surrounding environment. In light of this, we have introduced a number of technological advancements for apparel production facilities. These technologies reduce water consumption and wastewater generation during apparel production processes. Examples include the implementation of green wash processes and waterless enzyme stone washing cycles, which significantly lower water usage and wastewater discharge.

5.2. Product Quality

In the pursuit of excellence in products quality, the Group makes every effort to strive for the complete provision of products in accordance with customers' needs and expectations. We have operated in compliance with product quality-related laws and regulations, including but not limited to the Product Quality Law of the PRC.

We have put in place a quality management system. Our aim is to ensure that our products meet relevant health and safety requirements and that the services we provide are of high quality. Dedicated quality control personnel conduct quality inspections on each batch of raw materials upon receipt. Only raw materials that pass our quality control tests are admitted into inventory. Flawed items will be returned to suppliers or replaced. Work-in-progress is inspected after each production process. Only those that pass quality control tests are allowed to proceed to the next production stage. To ensure the quality and reliability of our products, we inspect finished products. This ensures that product quality meets customer requirements.

In addition, we have specific packaging and delivery instructions in place for each product category. These instructions ensure the safety and quality of products during transportation. In case of any unqualified products, the root causes will be tracked and identified through our labeling and production record-keeping system. If unqualified products are found to have quality issues, they will be reworked where possible. Those that cannot be reprocessed will be treated as waste. During the current year, we did not record any products sold or shipped that were subject to recalls for health and safety reasons.

5.3. Customer Services

We are devoted to achieving the highest customer satisfaction by providing professional and client-oriented services. To accurately assess our clients' needs, we engage in communication with them prior to service delivery. Our management team holds regular meetings with employees to evaluate operations across multiple dimensions. This ensures that clients' expectations are effectively met. We also collect clients' feedback on service quality, environmental and workplace safety performance, as well as the application of materials and tools. This feedback serves as a basis for making corresponding improvements. In response to client complaints, we will investigate the root causes and carry out remedial and preventive actions promptly. During the reporting period, we did not receive any complaints related to product quality.

6. Business Ethics

6.1 Anti-corruption

We regard ethics and professionalism as our core business values. Therefore, we are dedicated to running our business with integrity and cultivating an ethical corporate culture.

We strictly comply with relevant laws and regulations, such as the Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance of Hong Kong. To raise employees' awareness of anti-corruption, we organised anti-corruption training 0.5 hour per person for both existing and new employees during the current year. This training not only covers the theoretical key points of relevant laws and regulations but also analyses a large number of real-life cases. This helps employees better understand and apply these requirements in practice. Our whistle-blowing policy and guidelines are included in the employee handbook. These embody the principles of integrity, respect, trust and sound judgment. Employees can report any irregularities to designated personnel. We will investigate such improper behaviours and take corresponding remedial measures. We do not allow bribery, corruption, extortion, money laundering or other fraudulent activities under any circumstances. Employees are required to uphold high ethical standards and demonstrate professional conduct in all business dealings with our stakeholders.

During the current year, we were not involved in any legal cases or material breaches of laws and regulations relating to bribery, corruption, extortion, fraud and money laundering. Nevertheless, we remain vigilant and continuously strengthen the development of our compliance management system to prevent potential risks in the future.

6.2 Intellectual Property Rights

We understand the importance of protecting and enforcing our intellectual property rights. To respect the intellectual property rights of others, we strictly comply with relevant laws and regulations, such as the intellectual property laws of Hong Kong and other jurisdictions if applicable. We require employees to keep all transaction, operation, management, technology and skill-related information confidential during their employment. This safeguards our intellectual property rights. All employees are required to sign comprehensive non-disclosure agreements upon joining the company. We also conduct regular training sessions to reinforce the importance of intellectual property protection. In addition, any third party intending to use our trademarks must obtain our prior approval. This prevents any infringement of our exclusive trademark rights.

6.3 Information Security and Privacy

In terms of information security and confidentiality, we assume critical responsibility for managing the information of customers, employees and other stakeholders with the utmost care. To safeguard information security and protect customer privacy and data, we require employees to use designated anti-virus software. They are not allowed to use any unauthorised software or hardware, nor bring any company information away from the workplace. Employees must also encrypt files containing our sensitive information to enhance data protection. Furthermore, we provide ongoing training programmes. These ensure employees remain vigilant and informed about the latest information security practices and emerging risks.

In addition, our employees are required to sign a confidentiality agreement prior to employment. This agreement requires them to refrain from disclosing any customer information to third parties. We only collect personal data that is necessary for conducting business. This data will not be used for any purposes without the consent of the relevant individuals. Transferring and disclosing our personal data to external entities is strictly prohibited. Any such actions must be pre-approved by our Data Protection Officer. This ensures compliance with applicable laws and regulations. As outlined in the signed agreements, employees' confidentiality obligations remain in effect for a certain period even after the termination of their employment with us. To reinforce these commitments, we have established clear policies and procedures for data handling. These include secure storage, restricted access and regular reviews to ensure ongoing compliance with privacy standards. Employees are also required to participate in periodic training sessions. These sessions keep them informed about their responsibilities regarding data protection and confidentiality.

7. Community Contribution

We utilise our expertise and resources to support the communities where we operate. Our focus is on assisting people in need and collaborating with local charities. Society and community support have long been crucial to our group's growth and development. Therefore, we recognise the importance of serving the community with love and care.

The Group not only focuses on local charitable initiatives but also extends its support without hesitation in the event of disasters in other provinces. In 2025, we donated clothing and funds in Sichuan, Guangxi, Hong Kong and other regions. The total value of donated materials amounted to RMB 45,945.

Apart from material donations, the Group also takes a firm stance in safeguarding the rights, health and well-being of underprivileged women. Since 2019, the Group has been supporting the HERhealth project organised by Business for Social Responsibility (BSR), which takes place in one of our contracted factories in Vietnam. The purpose of the project is to improve female workers' awareness and ability to take better care of their health through peer-to-peer education. The ongoing project addresses the health-related needs of female workers and provides education to enrich their knowledge towards female healthcare.

Appendix: KPI Reporting Guide

ESG Indicators	Overview	Sections	Page number/ Explanation/ Reasons for Omissions
Environmental			
A1 Emissions	General disclosure	Climate Resilience and Mitigation; Waste Management	33
A1.1	The types of emissions and respective emissions data.	No air emissions or other type of pollutants are directly emitted by the Group.	
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	Repealed 1 January 2025	
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Waste Management	48
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Waste Management	48
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Resilience and Mitigation	33
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	47
A2 Use of Resources	General disclosure	Energy Conservation; Water Conservation	46
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Conservation	46
A2.2	Water consumption in total and intensity.	Water Conservation	48
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Conservation	46

ESG Indicators	Overview	Sections	Page number/ Explanation/ Reasons for Omissions
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Conservation	48
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	The Group is not involved in the use of any packaging materials for all its businesses.	
A3 The Environment and Natural Resources	General disclosure	Environmental Protection	32
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	32
Social			
B1 Employment	General disclosure	Remuneration and Welfare; Career Development; Diversity and Inclusion	49
B1.1	Total workforce by gender, employment type, age group and geographical region.	Diversity and Inclusion	51
B1.2	Employee turnover rate by gender, age group and geographical region.	Diversity and Inclusion	52
B2 Health and Safety	General disclosure	Health and Safety	49
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	49
B2.2	Lost days due to work injury.	Health and Safety	49
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	49

ESG Indicators	Overview	Sections	Page number/ Explanation/ Reasons for Omissions
B3 Development and Training	General disclosure	Career Development	50
B3.1	The percentage of employees trained by gender and employee category.	Career Development	51
B3.2	The average training hours completed per employee by gender and employee category.	Career Development	51
B4 Labour Standards	General disclosure	Employee's Rights and Interests	53
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee's Rights and Interests	53
B4.2	Description of steps taken to eliminate such practices when discovered.	Employee's Rights and Interests	53
B5 Supply Chain Management	General disclosure	Supply Chain Management	54
B5.1	Number of suppliers by geographical region.	Supply Chain Management	54
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	55
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	55
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	55

ESG Indicators		Overview	Sections	Page number/ Explanation/ Reasons for Omissions
B6	**Product Responsibility**	General disclosure	Product Quality; Customer Service; Intellectual Property Rights; Information Security and Privacy	56
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality	56
	B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service	57
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights	58
	B6.4	Description of quality assurance process and recall procedures.	Customer Service	57
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security and Privacy	58
B7	**Anti-corruption**	General disclosure.	Anti-Corruption	57
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption	57
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption	57
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	57
B8	**Community Investment**	General disclosure	Community Contribution	59
	B8.1	Focus areas of contribution.	Community Contribution	59
	B8.2	Resources contributed to the focus area.	Community Contribution	59

Directors and Senior Management

Executive Directors

Mr. SZETO Chi Yan Stanley ("Mr. SZETO"), aged 51, is the Chairman of our Group. He joined the Group in 2000 as Chief Executive Officer and was appointed as an executive Director of the Company on 13 March 2019. Mr. SZETO is primarily responsible for the Group's strategic planning.

Mr. SZETO was a winner of the EY (Ernst & Young) Entrepreneur of the Year China 2018 award. He also received the 2009 Young Industrialist Award of Hong Kong from the Federation of Hong Kong Industries.

Mr. SZETO served as Chairman of Hong Kong Textile Council in 2015 to 2020, and he was Special Honorary Advisor of Hong Kong General Chamber of Textiles. He has been representing the Textiles and Garment sector as an Election Committee member to select the Chief Executive of Hong Kong in 2017 and 2022.

Mr. SZETO currently serves as board member of the Baker Retailing Center, an interdisciplinary research center and innovation think tank at the Wharton School of University of Pennsylvania. Mr. SZETO was a member of the Small and Medium Enterprises Committee of the Hong Kong Government's Trade and Industry Department during 2019 to 2024. He is also Chairman of the Hong Kong Garment Manufacturers Association, and Director of the Federation of Hong Kong Garment Manufacturers. Mr. SZETO was a member of the Hong Kong Government's Textiles Advisory Board and the Hong Kong Polytechnic University's Advisory Committee on Textile and Clothing Industries from 2014 to 2015 and from 2015 to 2017 respectively.

Before joining the Group, Mr. SZETO worked at JP Morgan's (now known as JP Morgan Chase and Co.) Global Investment Banking Department from 1996 to 1998 and then at Prudential Asset Management Asia Limited from 1998 to 2000.

Mr. SZETO graduated magna cum laude from the Wharton School of University of Pennsylvania with a Bachelor of Science in Economics degree in 1996. He majored in Finance, Entrepreneurial Management, and Legal Studies.

Mr. TAN William ("Mr. TAN"), aged 49, joined the Group as chief operating officer in October 2022 and was appointed as an executive director and chief executive officer of the Company with effect from 1 April 2024. Mr. Tan has extensive experience across the apparel supply chain and technology industry. Before joining the Group, he worked at Li & Fung (Trading) Limited from July 2013 to September 2018 where his last position was vice president – business development and strategy. From October 2018 to March 2021, he was the general manager of Malverest (Hong Kong) Limited, an indirectly wholly-owned subsidiary of Parkson Retail Group Limited (stock code: 3368), building and running China-based private label fashion retail business. He then joined BW Global (HK) Limited, a wholly-owned subsidiary of Browzwear Solutions Pte Ltd, as its managing director (China and Hong Kong) from April 2021 to September 2022, leading the regional markets of a pioneering 3D-design technology company.

Mr. TAN obtained a Bachelor of Arts (Architecture) degree from the National University of Singapore in 2001. He then obtained a Master of Architecture from Cornell University in 2007 and later obtained a Master of Business Administration from the University of Oxford in 2014.

Mr. LEE Yiu Ming ("Mr. LEE"), aged 61, was appointed as an executive Director of our Company on 13 March 2019. Mr. LEE was appointed as the chief financial officer of our Group in January 2015 and is primarily responsible for the financial planning and corporate management of our Group.

Mr. LEE has over 15 years of experience in the manufacturing industry with expertise in financial management. From 1996 to 2014, Mr. LEE was under the employment of Pegasus International Holdings Limited (stock code: 676), a company listed on the Main Board of the Stock Exchange where he had worked in several managerial, compliance financial positions including company secretary and chief financial officer. From July 1988 to May 1996, Mr. LEE was an audit manager at Deloitte Touche Tohmatsu, a provider of audit and tax services.

Mr. LEE graduated from the Hong Kong Polytechnic University with a Higher Diploma in Textile Technology in November 1986. Later, he graduated from the Queen's University of Belfast in the United Kingdom with a Masters of Business Administration degree in December 1987.

Mr. LEE has been an associate member of the Hong Kong Institute of Certified Public Accountants since October 1991. Mr. LEE has also been an associate member and fellow member of the Association of Chartered Certified Accountants since January 1992 and January 1997 respectively.

Directors and Senior Management

Independent Non-executive Directors

Mr. SEE Tak Wah ("Mr. SEE"), aged 62, joined our Company as an independent non-executive Director on 12 October 2019. His appointment as the chairman of the audit committee and a member of each of the nomination committee and remuneration committee of our Company was effected on 13 November 2019.

Mr. SEE has over 35 years of experience in financial and general management. Mr. SEE worked at Mobil Oil Hong Kong Limited from July 1990 to June 1992 in which he held the positions of MIS Accountant, System/ MIS Accountant and Accountant Operations. He later worked as the regional business controller of Nokia Mobile Phones (HK) Ltd in July 1992 and was promoted to the managing director in October 1995 until he left in December 1997. From January 1998 to March 1999, Mr. SEE was the general manager of Philips. He later joined Siemens as the general manager, North Asia in March 1999 until he joined First Mobil Group Holdings Limited as its chief operating officer in October 2000. Mr. SEE currently runs his own boutique management consultancy practice focusing on business strategy formulation and transformation consultation.

Mr. SEE graduated from the Management School of Waikato University in New Zealand with first class honours in Bachelor of Management Studies in April 1988. He has been a member of the Institute of Chartered Accountants of New Zealand since May 1990, a member of the Hong Kong Institute of Certified Public Accountants since January 1991 and a fellow member of the Hong Kong Institute of Directors since February 2006.

Mr. SEE is currently an independent non-executive director and chairman of the audit committee and a member of the remuneration committee, the nomination committee and the internal control committee of Tesson Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1201). Mr. SEE is also an independent non-executive director of Laopu Gold Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 6181).

Mr. ANDERSEN Dee Allen ("Mr. ANDERSEN"), aged 74, was appointed as an independent non-executive director of the Company on 10 December 2021. His appointment as a member of the audit committee, a member of the remuneration committee, and a member as the nomination committee was effected on 10 December 2021.

Mr. ANDERSEN has over 40 years of experience in the commercial and corporate industry and also in business development and general management. Mr. ANDERSEN began his career at General Mills in 1977 and Continental Grain Company in 1989, managing their Asian agriculture industrial businesses. Mr. ANDERSEN was then promoted to senior vice president and general manager of the Asian Industries Division of Continental Grain Company in 1992.

Mr. ANDERSEN then joined Sun Hung Kai Real Estate Agency Limited as consultant and was responsible for its private equity investment activities. Mr. ANDERSEN later set up his own company, Peace Field Limited, in July 2013, a financial advisory firm and has since been the senior managing director.

Mr. ANDERSEN graduated from Brigham Young University, the U.S., with a Bachelor's degree with majors in Accounting and Chinese in April 1975 and obtained a Master in Business Administration degree from the Harvard Business School, U.S., in June 1977.

Ms. KESEBI Lale ("Ms. KESEBI"), aged 57, was appointed as an independent non-executive director of the Company on 3 May 2022. Her appointment as a member of the audit committee, a member of the remuneration committee, and a member as the nomination committee was effected on 3 May 2022.

Ms. KESEBI is currently the founder and chief executive officer of Human at Work, providing advisory services to other chief executive officers to help them build breakthrough transformation for their organisations. She has served on a number of advisory and non-profit boards in Hong Kong and Asia for over 25 years. Before founding her own business at Human at Work in February 2018, Ms. KESEBI was a member of the executive team of Li & Fung Limited from 2003 to February 2018, a company previously listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Ms. KESEBI holds a Bachelor of Laws degree from Schulich School of Law of Dalhousie University, Halifax, Nova Scotia, Canada.

Mr. LIU Gary ("Mr. LIU"), aged 42, was appointed as an independent non-executive director of the Company on 1 August 2022. His appointment as a member of the audit committee, a member of the remuneration committee, and a member as the nomination committee was effected on 1 August 2022.

Mr. LIU is the CEO and co-founder of Terminal 3, a data privacy and security technology company. Mr. LIU was the chief executive officer of South China Morning Post Publishers Limited from January 2017 to July 2022.

Mr. LIU graduated from Harvard University with a Artium Baccalaureus in June 2006.

Directors and Senior Management

Senior Management

Mr. YAO Haowen ("Mr. YAO"), aged 43, joined our Group in May 2019 as the vice president human resources. He is primarily responsible for people strategies and workforce planning, organization development and transformation, talent acquisition and international mobility, executive remuneration, organization culture and core value. Mr. YAO has over 15 years of experience in human resources management. Prior to joining our Group, Mr. YAO was deputy director, total rewards & performance management, in S.F. Express Co., Ltd., which is the largest logistics and supply chain service provider in the PRC (SZSE stock code: 002352), between September 2015 and February 2019. From March 2015 to August 2015, Mr. YAO held the role as total rewards business partner for Asia Pacific in W. L. Gore & Associates, which is a privately owned company with head office in Delaware, the U.S., spanning four main sectors: medical, electronics, industrial and fabrics products. From September 2007 to February 2015, Mr. YAO was human resources manager in Shenzhen Mindray Bio-Medical Electronics Co., Ltd., which is one of leading medical device, life science, and healthcare solution providers worldwide (SZSE stock code: 300760). Mr. YAO received his Bachelor of Arts in International Business English from the Guangdong University of Finance & Economics in the PRC in 2005, and subsequently his Master of Science in Resource Management from the University of Edinburgh, in the United Kingdom in 2007.

Directors' Report

Principal Activities

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2025.

Business Review and Performance

A review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and Management Discussion and Analysis, respectively, from pages 4 to 10 of this Annual Report. The outlook of the Company's business is discussed throughout this Annual Report.

Results and Dividends

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 93 of this report.

Final dividend of HK7 cents per ordinary share was proposed by the directors of the Company for the year ended 31 December 2025.

Closure of Register of Members

The AGM will be held on Thursday, 9 April 2026. Notice of the AGM will be sent to shareholders of the Company in due course. For the purpose of determining shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 1 April 2026 to Thursday, 9 April 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 31 March 2026. The record date for entitlement to AGM will be Thursday, 9 April 2026.

Plant and Equipment

Details of movements during the year in the Group's plant and equipment are set out in Note 14 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year are set out in Note 25 to the consolidated financial statements.

During the year, (i) neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities; and (ii) 13,996,000 shares had been purchased by the Trustee under the Co-ownership Share Award Scheme.

Distributable Reserves of the Company

At 31 December 2025, the Company's reserves available for distribution to shareholders consisted of share premium, capital reserve and retained profits, totaling approximately US$26,787,231.

Directors

The Directors of the Company during the year under review and up to the date of this report were:

Executive directors

Mr. SZETO Chi Yan Stanley *(Chairman)*
Mr. TAN William *(Chief Executive Officer ("CEO"))*
Mr. LEE Yiu Ming

Independent non-executive directors

Mr. SEE Tak Wah
Mr. ANDERSEN Dee Allen
Ms. KESEBI Lale
Mr. LIU Gary

Further information about the Directors are set out from pages 64 to 67 of this report.

In accordance with article 84(1) of the Company's Articles of Association, Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The terms of office of independent non-executive directors are subject to retirement by rotation in accordance with the provisions of the Company's Articles of Association.

Directors' Service Contracts

Each of the executive directors has entered into a service contract with the Company for a term of three years commencing 13 November 2019 and continuing thereafter until terminated by either party giving to the other party a period of advance two months' notice in writing.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Equity-linked Agreements

Save for the share option scheme and co-ownership share award scheme set out below, no equity-linked agreement was entered into by the Group, or existed during the year ended 31 December 2025.

Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme"), which was adopted on 12 October 2019 (the "Adoption Date"), for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date.

Eligible participants of the Share Option Scheme include the following:

(i) any employee (whether full time or part time) of the Group or any entity (the "Invested Entity") in which any member of the Group holds any shareholding (including any executive director but excluding any non-executive director of the Group or any Invested Entity);

(ii) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliances or other business arrangement to the development and growth of the Group.

As at 31 December 2025, there were no share options outstanding under the Share Option Scheme. No share options were granted, forfeited or exercised, or expired during the year ended 31 December 2025. As at 31 December 2025, the total number of Shares available for issue under the Share Option Scheme is 64,000,000, representing 10.00% of the issued shares of the Company as at 13 November 2019 and approximately 10% of the issued shares of the Company as at the date of this report. The maximum number of Shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options). In addition, where any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in a 12-month period up to and including the date of grant, such grant of share options are subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:

(i) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

Details of movements in the Share Option Scheme of the Company during the year are set out in Note 26 to the consolidated financial statements.

Co-ownership Share Award Scheme

The Company operates a co-ownership share award scheme (the "Share Award Scheme"), which was adopted on 27 October 2021 (the "Share Award Scheme Adoption Date") and amended on 13 June 2023, for the purpose of recognizing and rewarding the contributions of certain eligible persons for the growth and development of the Group and providing them with incentives in order to retain them for the continual operation, development and long term growth of the Group and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the award committee pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of ten years commencing from Share Award Scheme Adoption Date.

Individuals eligible to be granted awards include the following:

(i) any director (whether executive or non-executive);

(ii) any employee (whether full time or part time) of the Group or any advisor (professional or otherwise);

(iii) consultant to or expert in any area of business or business development of any member of the Group but excluding any person who is treated as a tax resident of a place where an Award (as defined under the Share Award Scheme) and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Award Committee or the Trustee (as the case may be) (as defined under the Share Award Scheme) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person (each an "Eligible Person").

The Award Committee may, from time to time, select any eligible person(s) for participation in the Share Award Scheme by sending to such eligible person(s) an invitation to participate on the basis of the Award Committee's (as defined under the Share Award Scheme) opinion as to such eligible person's contribution and/or future contribution to the development and growth of the Group. The invitation to participate shall set out the conditions for receiving an award and for participation in the Share Award Scheme as a Selected Participant, including but not limited to the following conditions:

(a) that the selected Eligible Person must have purchased and retained certain number of Shares in the Company on or prior to the date stated on each Invitation to Participate which is the last date the selected Eligible Person may submit the required information to the Award Committee in order to be eligible to an Award in accordance with the rules of the Share Award Scheme ("Cut Off Date"), on the basis that the Award Committee would consider the granting of an award of one (1) Share to every two (2) Qualifying Shares (or other number of Qualifying Shares as determined by the Award Committee and as set out in particular Invitation to Participant) held by the selected Eligible Person where the Invitation to Participate is sent on or after the Amendment Date;

(b) the number of Shares held or to be held by each selected Eligible Person which would be accepted and recognised by the Award Committee as Qualifying Shares for the purpose of determination of an Award shall:

  (i) be in multiples of three (3) where the award was made prior to the amendment date; or in multiples of two (2) (or such other number as determined by the Award Committee and as set out in the relevant invitation to participate) where the award is made on or after the amendment date; and

  (ii) have an aggregate purchase value (based on the value at the date of purchase of the Shares as shown on the bank/broker statement submitted) of not less than the aggregate value of 2 months of Base Salary of the Eligible Person but not more than the aggregate value of 24 months of such Base Salary of the Eligible Person; and

(c) the selected Eligible Person must be able to produce evidence as required by the Award Committee as set out in such Invitation to Participate.

On or before the Cut Off Date, the selected Eligible Person shall further send to the Award Committee the requisite information together with the second reply slip attached to the Invitation to Participate (including evidence of holding of the Qualifying Shares by valid statements of brokers; and the due diligence documents required by the Trustee as stated on the reply slip). The Award Committee shall then verify and decide on the making of a provisional Award to such Eligible Person of such number of issued Shares, fully paid or credited as fully paid, as the Award Committee shall determine pursuant to the rules of the Scheme and calculated based on the number of acceptable Qualifying Shares held by the selected Eligible Person. Upon such determination by the Award Committee to make a provisional Award, such Eligible Person shall then become a Selected Participant of the Scheme entitled to an Award once his Awarded Shares have been provisionally set aside by the Trustee under the Trust as constituted by the Trust Deed. On the other hand, any Eligible Person who has received an Invitation to Participate but who has failed to return the reply slip or the requisite information on or before the Cut Off Date shall be deemed to have declined to participate and shall therefore receive no Award and shall no longer continue to participate in the Scheme (unless and until further Invitation to Participate, if any, is received by that person), and shall have no rights or claims against the Company or the Trustee as a Selected Participant under the Scheme.

The Award Committee shall issue an Award Notice to the Trustee in writing upon the making of a provisional Award under the Scheme and provide, amongst other things, the following information: (i) the names of the selected Eligible Persons(s) and whether any selected Eligible Person is a connected person; (ii) the number of Shares provisionally awarded to the relevant selected Eligible Persons pursuant to such provisional Award; (iii) the vesting timetable and the Vesting Dates on which the Trustee should vest the legal and beneficial ownership of the Awarded Shares in the relevant selected Eligible Persons once they have become Selected Participants; and (iv) any other conditions as may be imposed by the Award Committee.

Upon the receipt of an Award Notice and satisfactory review of the due diligence documents provided, the Trustee shall set aside the appropriate number of Awarded Shares provisionally awarded to each of the selected Eligible Person pending the vesting and transfer of the Awarded Shares to such selected Eligible Person. The selected Eligible Person shall then become a Selected Participant of the Scheme entitled to an Award. The Trustee shall hold the Awarded Shares so set aside during the Vesting Period for the benefit of the Selected Participants pursuant to the terms of the Trust Deed.

The Award Committee shall then issue Grant Notice(s) to the Selected Participants once the Trustee has notified the Award Committee that the Awarded Shares have been set aside by the Trustee. The Grant Notice shall contain substantially the same information as that set out in the Award Notice referable to each particular Selected Participant. An Award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within five (5) Business Days after the Reference Date notify the Company in writing that he declines to accept such Award by signing and returning to the Award Committee the reply slip attached to the Grant Notice.

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or any part thereof or enter or purport to enter into any agreement to do so on or before any Vesting Dates.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company, the Company shall comply with such provisions of the Listing Rules as may be applicable unless otherwise exempted under the Listing Rules.

The Company may from time to time pay or cause to be paid funds to the Trust as directed by the Board which shall constitute part of the funds held under the Trust and managed by the Trustee for the benefit of the Eligible Persons, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme and the Trust Deed.

The Trustee shall, pursuant to the directions of the Award Committee, apply such funds towards the purchase of Shares. The directions given by the Award Committee shall include matters such as the price range for the purchase of Shares, the number of Shares to be purchased at any particular time or during any particular period, and the timing of each purchase.

Unless approved by the Board, the Award Committee shall not make further award of Shares under the Scheme, and the Trustee shall not make any further purchase of Shares, if this will result in the aggregate number of Awarded Shares (whether held by the Trustee or already vested or transferred to the Selected Participants) together with the aggregate number of Shares (other than the Awarded Shares) held by the Trustee taken as a whole exceeding ten (10) per cent of the total issued Shares of the Company at any time (the "Max Shares Threshold"). The Award Committee shall not instruct the Trustee to purchase and/or subscribe for any Shares for the purpose of the Scheme if such purchase and/or subscription of Shares will result in the Max Shares Threshold being exceeded.

Unless approved by the Board, the Award Committee shall not grant any Awarded Shares to any Selected Participant if the granting of such Awarded Shares would result in the total number of Shares vested or to be vested in that Selected Participant during any twelve (12) month period exceeding 1 per cent of the total Shares then in issue (save and except that any grant of Awarded Shares to an independent non-executive director of the Company should not result in the total number of Shares vested or to be vested in that person (under this Scheme or otherwise) during any twelve (12) month period exceeding 0.1 per cent of the total Shares then in issue).

The Group granted in respect of 377,332 company shares on 28 February 2022 to two eligible employees, having a vesting period of one to four years from 2023 to 2026. There are 94,333 award shares vested during the year of 2025.

The Group granted in respect of 5,590,000 company shares on 31 August 2023 to six Selected Participants, having a vesting period of one to four years from 2024 to 2027. Out of the six Selected Participants, one Selected Participant is an executive Director of the Company whereas the other Selected Participants are each not a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them, nor a connected Person of the Company as at the date of granting. There are 1,397,500 award shares vested during the year of 2025.

The Group granted in respect of 5,610,500 company shares on 04 November 2024 to eight Selected Participants, having a vesting period of one to four years from 2025 to 2028. Out of the eight Selected Participants, two Selected Participants are executive Directors and 2 Selected Participants are independent non executive Directors whereas the remaining 4 Selected Participants are each not a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them, nor a connected person of the Company as at the date of this granting. There are 1,402,625 award shares vested during the year of 2025.

The Group granted in respect of 12,782,000 company shares on 18 July 2025 to one Selected Participant, having a vesting period of one to eight years from 2026 to 2033. The Selected Participant is an executive Director. No award shares were vested during the year of 2025.

Pursuant to the terms of the Share Option Scheme and Share Award Scheme, there is no specified vesting period in respect of options granted under the Share Option Scheme and Awarded Shares under the Share Award Scheme.

During the year ended 31 December 2025, 13,996,000 shares have been purchased from the open market pursuant to the Share Award Scheme during the year (2024: 5,236,000 shares). The details of purchase from the Stock Exchange as follows:

Year ended 31 December 2025

Month of purchase	No. of ordinary shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
June 2025	**12,524,000**	**1.50**	**1.10**	**13,895,471**
September 2025	**308,000**	**1.60**	**1.47**	**482,349**
October 2025	**276,000**	**1.58**	**1.45**	**420,164**
November 2025	**604,000**	**1.58**	**1.47**	**918,056**
December 2025	**284,000**	**1.54**	**1.45**	**424,533**
	13,996,000			**16,140,573**
				US$
				2,059,779

Year ended 31 December 2024

Month of purchase	No. of ordinary shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
November 2024	1,500,000	0.85	0.84	1,273,945
December 2024	3,736,000	0.86	0.85	3,207,493
	5,236,000			4,481,438
				US$
				576,013

There are 243,000 award shares were forfeited during the year of 2025. No award shares were lapsed during the year of 2025. Movements of the number of awarded shares outstanding during the year ended 31 December 2025 are as follows:

For the year ended 31 December 2025

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value as of date of grant of the awards granted (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Directors										
Mr. Szeto	31 August 2023	0.86	0.85	1.54	960,000	–	(960,000)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	960,000	–	–	–	960,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	960,000	–	–	–	960,000	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	875,000	–	(875,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	875,000	–	–	–	875,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	875,000	–	–	–	875,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	875,000	–	–	–	875,000	November 2024–November 2028
					6,380,000	–	(1,835,000)	–	4,454,000	
Mr. Tan	31 August 2023	0.86	0.85	1.54	250,000	–	(250,000)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	250,000	–	–	–	250,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	250,000	–	–	–	250,000	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	275,000	–	(275,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	275,000	–	–	–	275,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	275,000	–	–	–	275,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	275,000	–	–	–	275,000	November 2024–November 2028
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2026
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2027
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2028
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2029
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2030
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2031
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2032
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2033
					1,850,000	12,782,000	(525,000)	–	14,107,000	
Sub-total					8,230,000	12,782,000	(2,360,000)	–	18,652,000	

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value as of date of grant of the awards granted (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Independent non-executive directors										
Mr. See	6 November 2024	0.83	0.84	1.49	42,000	–	(42,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	42,000	–	–	–	42,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	42,000	–	–	–	42,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	42,000	–	–	–	42,000	November 2024–November 2028
					168,000	–	(42,000)	–	126,000	
Mr. Andersen	6 November 2024	0.83	0.84	1.49	26,250	–	(26,250)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	26,250	–	–	–	26,250	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	26,250	–	–	–	26,250	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	26,250	–	–	–	26,250	November 2024–November 2028
					105,000	–	(26,250)	–	78,750	
Sub-total					273,000	–	(68,250)	–	204,750	
Employees (five highest paid individuals)										
An individual	28 February 2022	0.385	0.385	1.15	74,000	–	(74,000)	–	–	March 2022–February 2025
	28 February 2022	0.385	0.385	N/A	74,000	–	–	–	74,000	March 2022–February 2026
	31 August 2023	0.86	0.85	1.54	56,500	–	(56,500)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	56,500	–	–	–	56,500	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	56,500	–	–	–	56,500	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	43,000	–	(43,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	43,000	–	–	–	43,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	43,000	–	–	–	43,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	43,000	–	–	–	43,000	November 2024–November 2028
Sub-total					489,500	–	(173,500)	–	316,000	

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value as of date of grant of the awards granted (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Employees (other than the five highest paid individuals)										
In aggregate	28 February 2022	0.385	0.385	1.15	20,333	–	(20,333)	–	–	March 2022–February 2025
	28 February 2022	0.385	0.385	N/A	20,333	–	–	–	20,333	March 2022–February 2026
	31 August 2023	0.86	0.85	1.54	131,000	–	(131,000)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	131,000	–	–	(39,000)	92,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	131,000	–	–	(39,000)	92,000	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	141,375	–	(141,375)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	141,375	–	–	(55,000)	86,375	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	141,375	–	–	(55,000)	86,375	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	141,375	–	–	(55,000)	86,375	November 2024–November 2028
					999,166	–	(292,708)	(243,000)	463,458	
Total					9,991,666	12,782,000	(2,894,458)	(243,000)	19,636,208	

The following awarded shares were outstanding during the year:

	Number of awarded shares	
	2025	2024
At beginning of the year		
Number of awarded shares held by the trustee	**8,149,834**	4,405,667
Number of awarded shares granted but not yet vested	**9,991,666**	5,872,999
Maximum number of awarded shares available for grant	**49,332,168**	54,942,668
At end of the year		
Number of awarded shares held by the trustee	**19,251,376**	8,149,834
Number of awarded shares granted but not yet vested	**19,636,208**	9,991,666
Maximum number of awarded shares available for grant	**36,550,168**	49,332,168
% to the issued Shares of the Company as at 31 December	**5.72%**	7.72%
Granted during the year	**12,782,458**	5,610,500
Vested during the year	**2,894,458**	1,491,833
Purchased during the year	**13,996,000**	5,236,000
Forfeited during the year	**243,000**	–

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2025, the interests and short positions of the Directors and/or chief executives of the Company in any shares of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (cap. 571) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") are as follows:

Interests in Shares of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding in the Company (Note 2)
Mr. SZETO Chi Yan Stanley ("Mr. SZETO")	Beneficial owner/ Interest of controlled corporation (Note 3)	349,377,000 (L)	54.67%
Mr. TAN William	Beneficial owner	17,619,000 (L)	2.76%
Mr. LEE Yiu Ming ("Mr. LEE")	Beneficial owner	14,400,000 (L)	2.25%
Ms. Yiu Chui Ping	Interest of spouse (Note 4)	14,400,000 (L)	2.25%
Mr. SEE Tak Wah	Beneficial owner	378,000 (L)	0.06%
Mr. ANDERSEN Dee Allen	Beneficial owner	236,250 (L)	0.04%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.

2. This is calculated based on the 639,100,000 Shares in issue as at 31 December 2025.

3. Mr. SZETO is beneficially interested in 6,545,000 Shares of the Company. Lever Style Holdings is interested in 342,832,000 Shares of the Company. As Lever Style Holdings is wholly-owned by Imaginative Company Limited which is in turn wholly-owned by Mr. SZETO, Mr. SZETO is deemed to be interested in the 342,832,000 Shares of the Company held by Lever Style Holdings by virtue of the SFO.

4. Ms. Yiu Chui Ping is the spouse of Mr. LEE and was therefore deemed to be interested in the 14,400,000 Shares held by Mr. LEE.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2025, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company), who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, are as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding in the Company (Note 2)
Imaginative Company Limited	Interest of controlled corporation (Note 3)	342,832,000 Shares (L)	53.64%
Lever Style Holdings	Beneficial owner (Note 3)	342,832,000 Shares (L)	53.64%
LFX Growth Capital Limited	Beneficial owner (Note 4)	44,008,000 Shares (L)	6.88%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.

2. This is calculated based on the 639,100,000 Shares in issue as at 31 December 2025.

3. Lever Style Holdings is wholly owned Imaginative Company Limited. Imaginative Company Limited is in turn wholly-owned by Mr. SZETO. Accordingly, Mr. SZETO and Imaginative Company Limited are interested in 342,832,000 Shares for the purpose of SFO.

4. LFX Growth Capital Limited is indirectly wholly-owned by Golden Lincoln Holdings II Limited ("GLH II"). GLH II is controlled 60% by Fung Lincoln Holdings Limited ("FLH") and 40% by GLP Golden Lincoln A Holdings Limited ("GLP A"). FLH is owned 79.54% by Fung Holdings (1937) Limited which is wholly-owned by King Lun Holdings Limited ("KLH"). KLH is owned 50% by Dr. William Fung Kwok Lun and 50% by HSBC Trustee (CI) Limited, the trustee of a trust established for the benefits of the family members of Dr. Victor Fung Kwok King. GLP A is 100% controlled by GLP China Holdings Limited which is indirectly owned 84.3% by GLP Holdings L.P.. GLP Holdings Limited is the general partner of GLP Holdings L.P..

Save as disclosed above, no other interest or short position in the Shares and underlying Shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 31 December 2025.

Management Contracts

Other than the Directors' service contracts, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at 31 December 2025 or at any time during the year ended 31 December 2025.

Directors' Interest in Competing Business

During the year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

Arrangements to Purchase Shares or Debentures

Save as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Apart from the Company's shares purchased under the share award scheme of the Company of 13,996,000 shares, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2025.

Bank Borrowings

The Group had no borrowings as at 31 December 2025.

Directors' Interests in Transactions, Arrangements and Contracts of Significance

Other than as disclosed in Note 30 to the consolidated financial statements, no transactions, arrangements and contracts of significance to which the Company, its holding company or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Major Customers and Suppliers

For the year ended 31 December 2025, the Group's largest customer accounted for approximately 16.4% of the Group's total revenue. The five largest customers accounted for approximately 40.2% of the Group's revenue. For the year ended 31 December 2025, the Group's largest supplier accounted for approximately 7.9% of the Group's total purchases. The five largest suppliers comprised 25.0% of the Group's total purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

Emolument Policy

The emolument policy for the employees of the Group is set up by the Board on the basis of the employees' merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Continuing Connected Transaction

The Company confirms that the related party transaction as disclosed in Note 30(a) (Related party disclosures) to the financial statements in this report falls under the de minimis transactions exemption and is fully exempt under Rule 14A.76 of the Listing Rules.

Save as disclosed above, there were no other connected transactions/continuing connected transactions which are required to be disclosed in this annual report in accordance with the requirements of Chapter 14A of the Listing Rules.

Retirement Benefits Scheme

Details of contributions to the retirement benefits scheme of the Group are set out in Note 2.4 to the consolidated financial statements.

Contracts of Significance

Save as disclosed in the section headed "Continuing Connected Transaction" in this report and Note 30(a) (Related party disclosures) to the financial statements, no contracts of significance in relation to the Company's business to which the Company, or its subsidiaries was a party and in which a Director has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries and no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary section on page 198 of this annual report.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2025.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Tax Relief and Exemption

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

Permitted Indemnity Provision

Pursuant to the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. The relevant provisions in the Articles of Association were in force during the year ended 31 December 2025.

Environmental Protection and Performance

The Group endeavour to promote sustainable development through various measures. These include reducing resource consumption, raising employees' environmental awareness and encouraging them to participate in environmental protection activities. The sustainability performance has been recognised by various institutions and associations.

During the reporting period, the Group strictly comply with relevant laws and regulations on waste, exhaust gas and wastewater management. These include but are not limited to the Laws of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Environmental Protection Law of the PRC and the Energy Conservation Law of the PRC.

For further details of the Group's environmental protection and performance, please refer to the Company's Environmental, Social and Governance Report as disclosed in this annual report.

Auditor

Ernst & Young was appointed as the auditor of the Company with effect from 26 September 2023.

The consolidated financial statements for the year ended 31 December 2025 were audited by Ernst & Young who will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company and to authorize the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
Lever Style Corporation

Szeto Chi Yan Stanley
CHAIRMAN

Hong Kong, 17 March 2026

Independent Auditor's Report

EY 安永

To the shareholders of Lever Style Corporation
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Lever Style Corporation (the "Company") and its subsidiaries (the "Group") set out on pages 93 to 197, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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 disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the 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.

Key Audit Matters (Continued)

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
Impairment assessment of trade receivables	
As at 31 December 2025, the Group had trade receivables amounted to US$39,940,402, representing approximately 36.5% of the Group's total assets. Significant management estimates were required in assessing the expected credit losses ("ECLs") of trade receivables, including the assessment of the collectability from individual customers after taking into account their creditworthiness, whether they have financial difficulties, experience of default or delinquency in interest or principal payments, ageing analysis and forecast of future events and economic conditions. Management estimates have a significant impact on the level of loss allowance required for trade receivables. The accounting policies and disclosures in relation to the recoverability of trade receivables are included in notes 2.4, 3 and 18 to the consolidated financial statements.	Our audit procedures to assess the ECLs of trade receivables included the following: • obtaining understanding of management control over the collection and the impairment assessment of the trade receivables; • obtaining and reviewing management's calculation on the ECLs, including the basis of the estimated loss rates applied in individual trade debtors with reference to historical default rates and forward-looking information; • in respect of material trade receivable balances, inspecting relevant sales contracts, delivery notes and correspondence with the customers, and assessing their creditworthiness with reference to publicly available information, where applicable; and • testing, on a sample basis, the ageing of trade receivables at year end.

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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 Mr. CHUNG Ho Ling (practising certificate number: P06558).

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
12 February 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	**2025**	2024
		US$	US$
REVENUE	4	**200,156,359**	222,929,009
Cost of sales		**(143,143,540)**	(159,438,342)
Gross profit		**57,012,819**	63,490,667
Other income	5	**1,703,016**	1,014,577
Other gains and losses, net	6	**187,385**	182,724
Reversal of impairment losses/(impairment losses) on trade receivables, net		**87,564**	(2,962,747)
Selling and distribution expenses		**(20,352,876)**	(22,175,956)
Administrative expenses		**(19,209,283)**	(19,381,392)
Finance costs	7	**(65,167)**	(68,950)
PROFIT BEFORE TAX	8	**19,363,458**	20,098,923
Income tax expense	9	**(3,492,467)**	(2,954,093)
PROFIT FOR THE YEAR		**15,870,991**	17,144,830
OTHER COMPREHENSIVE INCOME/(LOSS):			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**172,748**	(113,001)
Total comprehensive income for the year		**16,043,739**	17,031,829
Profit for the year attributable to owners of the parent		**15,870,991**	17,144,830
Total comprehensive income attributable to owners of the parent		**16,043,739**	17,031,829
Earnings per share attributable to ordinary equity holders of the parent	13		
– Basic		**US2.54 cents**	US2.70 cents
– Diluted		**US2.51 cents**	US2.70 cents

Consolidated Statement of Financial Position

31 December 2025

	Notes	**31 December 2025 US$**	31 December 2024 US$
NON-CURRENT ASSETS			
Plant and equipment	14	**3,432,289**	2,440,422
Right-of-use assets	15	**2,958,744**	705,218
Intangible assets	16	**1,404,466**	1,633,942
Deposits and other receivables	19	**1,829,569**	1,128,488
Total non-current assets		**9,625,068**	5,908,070
CURRENT ASSETS			
Inventories	17	**13,893,203**	13,651,652
Trade receivables	18	**39,940,402**	33,254,592
Deposits, prepayments and other receivables	19	**4,429,108**	8,153,477
Derivative financial instruments	23	**400**	–
Bank balances and cash	20	**41,525,543**	34,052,184
Total current assets		**99,788,656**	89,111,905
CURRENT LIABILITIES			
Trade payables	21	**25,055,104**	20,255,636
Other payables and accruals	22	**7,926,776**	7,395,132
Contract liabilities	22	**1,656,670**	2,470,727
Lease liabilities	15	**602,926**	779,162
Tax payable		**1,921,867**	893,584
Derivative financial instruments	23	**–**	30,414
Total current liabilities		**37,163,343**	31,824,655
NET CURRENT ASSETS		**62,625,313**	57,287,250
TOTAL ASSETS LESS CURRENT LIABILITIES		**72,250,381**	63,195,320

31 December 2025

	Notes	**31 December 2025 US$**	31 December 2024 US$
NON-CURRENT LIABILITIES			
Lease liabilities	15	**2,347,552**	21,306
Deferred tax liabilities	24	**152,840**	152,840
Total non-current liabilities		**2,500,392**	174,146
Net assets		**69,749,989**	63,021,174
EQUITY			
Share capital	25	**820,640**	820,640
Shares held under share award scheme	25	**(2,642,932)**	(891,333)
Reserves	27	**71,572,281**	63,091,867
Total equity		**69,749,989**	63,021,174

Szeto Chi Yan Stanley
Director

Lee Yiu Ming
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Notes	Attributable to owners of the parent									
		Share capital US$	Shares held under share award scheme US$	Share premium US$	Merger reserve US$	Statutory reserve US$	Capital reserve US$	Awarded shares compensation reserve US$	Exchange reserve US$	Retained profits US$	Total US$
At 1 January 2024		820,640	(471,956)	26,393,444	(13,295,621)	434,835	5,559	109,417	(894,626)	40,455,378	53,557,070
Profit for the year		–	–	–	–	–	–	–	–	17,144,830	17,144,830
Exchange differences arising on translation of foreign operations		–	–	–	–	–	–	–	(113,001)	–	(113,001)
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	–	(113,001)	17,144,830	17,031,829
Purchase of shares for the purpose of share award scheme	26	–	(576,013)	–	–	–	–	–	–	–	(576,013)
Recognition of share-based payment expenses	26	–	–	–	–	–	–	322,745	–	–	322,745
Vesting of shares under share award scheme		–	156,636	–	–	–	–	(156,636)	–	–	–
Transfer to statutory reserve		–	–	–	–	59,013	–	–	–	(59,013)	–
Dividends recognised as distribution	12	–	–	–	–	–	–	–	–	(7,314,457)	(7,314,457)
At 31 December 2024		820,640	(891,333)	26,393,444*	(13,295,621)*	493,848*	5,559*	275,526*	(1,007,627)*	50,226,738*	63,021,174

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Notes	Attributable to owners of the parent									
		Share capital US$	Shares held under share award scheme US$	Share premium US$	Merger reserve US$	Statutory reserve US$	Capital reserve US$	Awarded shares compensation reserve US$	Exchange reserve US$	Retained profits US$	Total US$
At 1 January 2025		820,640	(891,333)	26,393,444	(13,295,621)	493,848	5,559	275,526	(1,007,627)	50,226,738	63,021,174
Profit for the year		–	–	–	–	–	–	–	–	15,870,991	15,870,991
Exchange differences arising on translation of foreign operations		–	–	–	–	–	–	–	172,748	–	172,748
Total comprehensive income for the year		–	–	–	–	–	–	–	172,748	15,870,991	16,043,739
Purchase of shares for the purpose of share award scheme	26	–	(2,059,779)	–	–	–	–	–	–	–	(2,059,779)
Recognition of share-based payment expenses, net	26	–	–	–	–	–	–	808,342	–	–	808,342
Vesting of shares under share award scheme		–	308,180	–	–	–	–	(308,180)	–	–	–
Transfer to statutory reserve		–	–	–	–	74,614	–	–	–	(74,614)	–
Dividends recognised as distribution	12	–	–	–	–	–	–	–	–	(8,063,487)	(8,063,487)
At 31 December 2025		820,640	(2,642,932)	26,393,444*	(13,295,621)*	568,462*	5,559*	775,688*	(834,879)*	57,959,628*	69,749,989

* These reserve accounts comprise the consolidated reserves of US$71,572,281 (2024: US$63,091,867) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 US$	2024 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**19,363,458**	20,098,923
Adjustments for:			
Finance costs	7	**65,167**	68,950
Interest income		**(1,248,142)**	(665,690)
Depreciation of plant and equipment		**629,711**	542,167
Depreciation of right-of-use assets		**839,638**	960,355
Amortisation of intangible assets		**98,165**	98,165
Loss on write-off of plant and equipment		**17,156**	2,654
Impairment losses/(reversal of impairment losses) on trade receivables under the expected credit loss model		**(87,564)**	2,962,747
Impairment of intangible assets		**131,311**	–
Share-based payment expenses	26	**808,342**	322,745
Fair value gain on contingent consideration		**(411,107)**	–
Fair value gain on derivative financial instruments		**(30,814)**	(3,247)
		20,175,321	24,387,769
Decrease/(increase) in inventories		**(223,024)**	2,627,691
Decrease/(increase) in trade receivables		**(6,575,644)**	2,479,701
Decrease in deposits, prepayments and other receivables		**3,919,510**	1,361,011
Increase in trade payables		**4,745,478**	1,383,972
Increase/(decrease) in other payables and accruals		**507,519**	(668,338)
Decrease in contract liabilities		**(819,027)**	(179,182)
Cash generated from operations		**21,730,133**	31,392,624
Income taxes paid		**(2,655,886)**	(6,120,463)
Receipt/(payment) arising from net settlement of foreign currency forward contracts		**(242,677)**	54,307
Net cash flows from operating activities		**18,831,570**	25,326,468

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 US$	2024 US$
Net cash flows from operating activities		**18,831,570**	25,326,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(1,589,175)**	(947,857)
Deposit paid for plant and equipment		**(309,728)**	(19,754)
Interest received	5	**1,248,142**	665,690
Net cash flows used in investing activities		**(650,761)**	(301,921)
CASH FLOWS FROM FINANCING ACTIVITIES			
Draw down of loans		**9,404,432**	2,008,238
Repayment of loans		**(9,404,432)**	(2,008,238)
Dividend paid	12	**(8,063,487)**	(7,314,457)
Interest paid		**(65,167)**	(68,950)
Principal portion of lease payments		**(943,544)**	(1,051,849)
Purchase of shares held for share award scheme		**(2,059,779)**	(576,013)
Net cash flows used in financing activities		**(11,131,977)**	(9,011,269)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,048,832**	16,013,278
Cash and cash equivalents at beginning of year		**34,052,184**	18,120,388
Effect of foreign exchange rate changes, net		**424,527**	(81,482)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Bank balances and cash		**41,525,543**	34,052,184

1. Corporate Information

Lever Style Corporation (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Room 16, Flat B, 1/F., Wing Tai Centre, 12 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong.

In the opinion of the directors, the immediate holding company and ultimate holding company are Lever Style Holdings Limited and Imaginative Company Limited, respectively. The ultimate controlling shareholder of the Company is Mr. Szeto Chi Yan Stanley ("Mr. Szeto").

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively, the "Group") were principally engaged in providing supply chain solutions in multiple apparel categories for notable brands.

Information about subsidiaries

Particulars of the Company's 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 %	
Lever Style Inc.	British Virgin Islands ("BVI")	US dollar ("US$")11,428	100	–	Investment holding
Lever Shirt Holdings Limited	BVI	US$50,000	–	100	Investment holding
TTL Manufacturing Limited	BVI	US$1	–	100	Investment holding
Champion System International Limited	Hong Kong	Hong Kong dollar ("HK$")1	–	100	Provision of supply chain solutions
Euford Enterprise Company Limited	Hong Kong	HK$10,000	–	100	Inactive
Lever Apparel Limited	Hong Kong	HK$10,000,000	–	100	Provision of supply chain solutions
Lever Garment Limited	Hong Kong	HK$2	–	100	Inactive
Lever Studio Limited (Formerly known as: LeverSing Limited)	Hong Kong	HK$2,000,000	–	100	Investment holding
Lever Style Limited	Hong Kong	HK$10,100,000	–	100	Provision of supply chain solutions
Levertex Company Limited	Hong Kong	HK$100,000	–	100	Provision of supply chain solutions

1. Corporate Information (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Plazzo Limited	Hong Kong	HK$2	–	100	Provision of supply chain solutions
Topsun Garment Limited	Hong Kong	HK$1,500,000	–	100	Provision of supply chain solutions
卓富智造（深圳）有限公司[i]	People Republic of China ("PRC")/Chinese mainland	Renminbi ("RMB") 200,000	–	100	Provision of supply chain solutions
利華服飾智造（深圳）有限公司[i]	PRC/Chinese mainland	HK$12,000,000	–	100	Provision of supply chain solutions
利華設計院（深圳）有限公司[i]	PRC/Chinese mainland	US$1,300,000	–	100	Design and provision of supply chain solutions
Lever Style PTE Ltd.	Singapore	Singapore dollar 10,000	–	100	Provision of supply chain solutions
Lever Style LLC	The United States of America ("USA")	Nil	–	100	Provision of supply chain solutions
利華服創（深圳）服裝有限公司[i]	PRC/Chinese mainland	RMB5,000,000	–	100	Provision of supply chain solutions
利華織研（深圳）服飾有限公司[i]	PRC/Chinese mainland	RMB500,000	–	100	Provision of supply chain solutions

(i) These entities are registered as wholly-foreign-owned enterprises under PRC law

None of the subsidiaries of the Group had issued any debt securities at the end of the year or at any time during the year.

2. Accounting Policies

2.1 Basis of Preparation

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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and contingent consideration which have been measured at fair value. These consolidated financial statements are presented in US$, and all values are rounded to the nearest dollar 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.

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

2. Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange 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 for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

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

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

2. Accounting Policies (Continued)

2.3 Issued But not yet Effective HKFRS Accounting Standards (Continued)

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 consolidated statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the consolidated statement of profit or loss and other comprehensive income 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.

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.

2. Accounting Policies (Continued)

2.3 Issued But not yet Effective HKFRS Accounting Standards (Continued)

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.

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.

2. Accounting Policies (Continued)

2.3 Issued But not yet Effective HKFRS Accounting Standards (Continued)

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.

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.

2. Accounting Policies (Continued)

2.3 Issued But not yet Effective HKFRS Accounting Standards (Continued)

- 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.

2.4 Material accounting Policies

Fair value measurement

The Group measures its derivative financial instruments and contingent consideration 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.

2. Accounting Policies (Continued)

2.4 Material accounting Policies (Continued)

Fair value measurement (Continued)

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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), 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.

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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2. Accounting Policies (Continued)

2.4 Material accounting Policies (Continued)

Impairment of non-financial assets (Continued)

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 profit or loss in the period in which it arises.

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

2. Accounting Policies (Continued)

2.4 Material accounting Policies (Continued)

Related parties (Continued)

(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; and the sponsoring employers of the post-employment benefit plan;

(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.

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of 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 plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to 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 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 plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the relevant lease term and 20%
Furniture, fixtures and equipment	20%
Computer equipment	20%
Motor vehicles	20%

Where parts of an item of 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 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 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.

Intangible assets

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

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Intangible assets (Continued)

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

Club membership

The club membership of the Group represents a golf club membership with indefinite useful lives which is carried at cost less any subsequent accumulated impairment losses.

Trademarks, patents, customer list and purchase orders

Trademarks, patents, customer list and purchase orders are stated at cost less any impairment losses and are amortised on the straight-line basis over the following periods:

Trademarks	15 years
Patents	5 years
Customer list	10 years

Leases

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

Group as a lessee

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

2. 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:

Offices	Over the lease term of 1 to 5 years

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

(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.

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.

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, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under 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 or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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.

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 profit or loss when the asset is derecognised, modified or impaired.

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

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

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

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

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

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

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 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 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 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.

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.

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.

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach

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

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

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.

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

For trade receivables 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 assesses the trade receivables individually and recognises a loss allowance based on lifetime ECLs at each reporting date. The Group estimates the amount of loss allowance for trade receivables based on the internal credit ratings and historical credit loss experience, adjusted for factors that are specified to the debtors and general economic conditions of the industry in which the debtors operate.

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, or financial liabilities at amortised cost 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.

The Group's financial liabilities include trade payables, other payables and accruals and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities at amortised cost

After initial recognition, trade payables and other payables 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 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.

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

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 profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Shares held under share award scheme

Own equity instruments which are reacquired and held by the subsidiaries of the Group are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of the Group's own equity instruments.

Inventories

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

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Cash and cash equivalents

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

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

Provisions

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

When the 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.

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.

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, associates and joint ventures, 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, associates and joint ventures, 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.

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Income tax (Continued)

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

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.

Sales of garments

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

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Revenue recognition (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. It recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group engages in the provision of supply chain solutions. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods and the Group has inventory risk.

Other income

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

Contract liabilities

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

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Share-based payments

The Company operates a share option scheme and a co-ownership share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

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 Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to 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 Chinese mainland 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 its payroll costs to the central pension scheme. The contributions are charged to 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.

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Events after the reporting period

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

Dividends

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

Foreign currencies

These financial statements are presented in United States 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 profit or loss.

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).

2. Accounting Policies (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies (Continued)

The functional currencies of certain subsidiaries are currencies other than the United States dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into United States dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into United States 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 exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular operation is recognised in profit or loss.

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.

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.

Provision of ECLs for trade receivables

Management estimates the amount of loss allowance for trade receivables based on the historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The assessment of credit risk of trade receivables involves a high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may need to be adjusted in the year of revision accordingly. As at 31 December 2025, the carrying amount of trade receivables was US$39,940,402 (2024: US$33,254,592), net of allowance for ECLs of US$988,942 (2024: US$1,332,522). Details are disclosed in note 18 to the financial statements.

4 Revenue and Segment Information

(a) Revenue

An analysis of revenue is as follows:

	2025 **US$**	2024 US$
Revenue from contracts with customers	**200,156,359**	222,929,009

The Group is principally engaged in providing supply chain solutions in different apparel categories for customers. The Group's revenue represents the amounts received and receivable from the sales of garments to external customers. All revenue is recognised at the point in time when the customers obtains control of the goods delivered.

The Group sells garment products to notable digitally native and conventional customers. Revenue is recognised when control of goods has been transferred, that is, when the goods have been shipped to the customers' specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The contracts for sales of garment products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied contract is not disclosed.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 **US$**	2024 US$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of garment products	**2,470,727**	2,653,247

4 Revenue and Segment Information (Continued)

(b) Segment information

Information reported to Mr. Szeto, being the chief operating decision maker of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented and only entity-wide disclosures as below are presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the home country (location of customers' headquarters) of customers' brands.

	2025	2024
	US$	US$
United States of America	**122,931,000**	125,395,340
Europe	**52,781,837**	55,011,537
Oceania	**14,319,733**	34,551,177
Canada	**5,948,941**	4,613,904
Greater China#	**3,608,949**	1,429,279
Others	**565,899**	1,927,772
Total revenue	**200,156,359**	222,929,009

\# Greater China primarily includes the Chinese mainland, Hong Kong, Macau and Taiwan.

All of the Group's identifiable non-current assets are located in Chinese mainland and Hong Kong.

Information about major customers

All of the Group's revenue is made directly with the customers and the contracts with the Group's customers are mainly short-term and at fixed price.

4 Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Information about major customers (Continued)

Revenue from individual customers contributing over 10% of the total revenue of the Group is as follows:

	2025	2024
	US$	US$
Customer A	**23,707,600**	28,348,714
Customer B	**–***	25,129,093
Customer C	**32,872,876**	–*

* Revenue from these customers did not account for more than 10% of the Group's total revenue for the respective year.

5. Other Income

	2025	2024
	US$	US$
Government grants (Note)	**345,535**	86,041
Interest on bank deposits	**1,248,142**	665,690
Others	**109,339**	262,846
Total other income	**1,703,016**	1,014,577

Note: Government grants have been received from the PRC local government authorities to support export trade by subsidising the export credit insurance premium. There are no unfulfilled conditions or contingencies relating to these grants.

6. Other Gains and Losses, Net

	2025 **US$**	2024 US$
Loss on write-off of plant and equipment	**(17,156)**	(2,654)
Net exchange gain/(loss)	**(77,672)**	197,326
Fair value gain on derivative financial instruments	**30,814**	3,247
Fair value gain on contingent consideration	**411,107**	–
Impairment loss on intangible assets	**(131,311)**	–
Others	**(28,397)**	(15,195)
Total other gains and losses, net	**187,385**	182,724

7. Finance Costs

An analysis of finance costs is as follows:

	2025 **US$**	2024 US$
Interest on bank borrowings	**15,376**	6,443
Interest expense on lease liabilities (note 15(b))	**49,791**	62,507
Total	**65,157**	68,950

8. Profit Before Tax

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

	Notes	2025 US$	2024 US$
Directors' remuneration*	10	**2,977,254**	4,006,758
Other staff costs*			
– Salaries and other allowances		**14,881,952**	12,675,417
– Share-based payment expense		**45,858**	49,171
– Redundancy cost		**272,656**	–
– Retirement benefit scheme contributions		**2,137,028**	2,091,109
Total staff costs		**20,314,748**	18,822,455
Auditor's remuneration		**267,849**	276,127
Cost of inventories sold		**143,143,540**	159,438,342
Depreciation of plant and equipment	14	**629,711**	542,167
Depreciation of right-of-use assets	15(a)	**839,638**	960,355
Amortisation of intangible assets (included in selling and distribution expenses)	16	**98,165**	98,165
Expense relating to short-term leases	15(c)	**93,871**	265,234
Impairment of intangible assets	16	**131,311**	–
Fair value gain on contingent consideration		**(411,107)**	–

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

9. Income Tax Expense

Hong Kong profits tax has been provided at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group, which is a qualifying entity under the two-tiered profits tax rates regime. For this subsidiary, the first HK$2,000,000 (2024: HK$2,000,000) of assessable profits are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

9. Income Tax Expense (Continued)

Tax on profits assessable in Chinese mainland has been calculated at the applicable enterprise income tax ("EIT") rate of under the Law of the People's Republic of China. Subsidiaries in Chinese mainland are subject to EIT at 25% tax rate for the current year ended 31 December 2025 (2024: 25%). Certain subsidiaries of the Group are qualified as a small low-profit enterprise as their annual taxable income were less than RMB 3,000,000 for both years. The annual taxable income of a small low-profit enterprise shall be computed at a reduced rate of 25% (2024: 25%) of taxable income amount, and subjected to EIT at 20% (2024: 20%) tax rate.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The income tax expense for the year comprises:

	2025 **US$**	2024 US$
Current – Hong Kong		
Charge for the year	**3,018,473**	2,529,362
Underprovision in prior years	**37,114**	46,900
	3,055,587	2,576,262
Current – PRC		
Charge for the year	**258,758**	184,726
Underprovision/(overprovision) in prior years	**(419)**	76,570
	258,339	261,296
Current – Elsewhere		
Charge for the year	**178,541**	–
Deferred tax (note 24)	**–**	116,535
Total	**3,492,467**	2,954,093

9. Income Tax Expense (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are based to the tax expense at the effective tax rate is as follows:

	2025 **US$**	2024 US$
Profit before tax	**19,363,458**	20,098,923
Tax at the statutory tax rate	**3,295,046**	3,399,371
Lower tax rate for specific province or enacted by local authority	**(16,753)**	(83,191)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**75,109**	–
Income not subject to tax	**(280,293)**	(133,259)
Expenses not deductible for tax	**361,493**	137,174
Underprovision in prior years	**36,695**	123,470
Tax effect of taxable temporary difference not recognised	**–**	216
Tax losses utilised from previous periods	**–**	(519,619)
Tax losses not recognised	**21,170**	29,931
Income tax expense for the year	**3,492,467**	2,954,093

For the year ended 31 December 2025, the weighted average applicable tax rate was 17.0 % (2024: 16.9%). The change in the weighted average applicable tax rate was caused by changes in the profitability of the Group in the respective jurisdictions.

10. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (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:

	2025	2024
	US$	US$
Fees	**82,000**	82,000
Other emoluments:		
Salaries, allowances and benefits in kind	**889,231**	1,158,977
Performance related bonuses	**1,235,846**	2,337,332
Equity-settled share awards	**762,484**	273,574
Pension scheme contributions	**7,693**	9,225
Other retirement benefits	**–**	145,650
Subtotal	**2,895,254**	3,924,758
Total	**2,977,254**	4,006,758

During the year ended 31 December 2025 and 2024, certain directors were granted restricted shares, in respect of his service to the Group, under the co-ownership share award scheme of the Company, further details of which are set out in note 26 to the financial statements. The fair value of such share award arrangement, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount recognised in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

10. Directors' and Chief Executive's Remuneration (Continued)

(a) Independent non-executive directors

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

	Fees US$	Equity settled share awards expense US$	Total remuneration US$
2025			
Mr. See Tak Wah ("Mr. See")	**32,000**	**8,674**	**40,674**
Mr. Andersen Dee Allen ("Mr. Andersen")	**20,000**	**5,421**	**25,421**
Ms. Kesebi Lale ("Ms. Kesebi")	**15,000**	**–**	**15,000**
Mr. Liu Gary ("Mr. Liu")	**15,000**	**–**	**15,000**
Total	**82,000**	**14,095**	**96,095**
2024			
Mr. See	32,000	1,575	33,575
Mr. Andersen	20,000	984	20,984
Ms. Kesebi	15,000	–	15,000
Mr. Liu	15,000	–	15,000
Total	82,000	2,559	84,559

10. Directors' and Chief Executive's Remuneration (Continued)

(b) Executive directors and a non-executive director

	Fees US$	Salaries, allowances and benefits in kind US$	Performance related bonuses US$	Pension scheme contributions US$	Equity settled share awards expense US$	Other retirement benefits US$	Total remuneration US$
2025							
Executive directors:							
Mr. Szeto	**–**	**369,231**	**537,324**	**3,077**	**276,669**	**–**	**1,186,301**
Mr. Lee Yiu Ming ("Mr. Lee")	**–**	**166,154**	**268,662**	**2,308**	**–**	**–**	**437,124**
Mr. Tan William[2] ("Mr. Tan")	**–**	**353,846**	**429,860**	**2,308**	**471,720**	**–**	**1,257,734**
Total	**–**	**889,231**	**1,235,846**	**7,693**	**748,389**	**–**	**2,881,159**
2024							
Executive directors:							
Mr. Szeto	–	368,987	741,572	3,076	213,844	–	1,327,479
Dr. Chan Yuk Man Eddie[1] ("Dr. Chan")	–	235,742	796,161	1,537	–	145,650	1,179,090
Mr. Lee	–	212,167	370,787	2,306	–	–	585,260
Mr. Tan	–	342,081	428,812	2,306	57,171	–	830,370
	–	1,158,977	2,337,332	9,225	271,015	145,650	3,922,199

1 Dr. Chan resigned as a chief executive of the Company with effect from 1 April 2024 and subsequently retired as an executive director of the Company with effect from 31 August 2024.

2 Mr. Tan was appointed as an executive director and chief executive of the Company with effect from 1 April 2024.

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

The non-executive director's and independent non-executive directors' emoluments shown above were for their services as directors of the Group.

Performance related bonuses were determined with reference to the Group's revenue, operating results, individual performance and comparable market statistics.

10. Directors' and Chief Executive's Remuneration (Continued)

(b) Executive directors and a non-executive director (Continued)

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors or the chief executive of the Company waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

11. Five Highest Paid Employees

The five highest paid employees during the year included three directors (2024: four directors), one of whom is also the chief executive, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining two (2024: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2025	2024
	US$	US$
Salaries and other allowances	**340,148**	121,719
Performance related bonuses	**199,758**	198,487
Pension scheme contributions	**19,575**	3,075
Equity-settled share awards	**15,645**	15,573
	575,126	338,854

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	
	2025	2024
HK$2,000,001 to HK$2,500,000	**2**	–
HK$2,500,001 to HK$3,000,000	**–**	1
	2	1

11. Five Highest Paid Employees (Continued)

During the year, certain non-director highest paid employees were granted share awards, in respect of their services to the Group under the share award scheme of the Company. Details of the share award scheme are set out in note 26 to the financial statements.

Performance related bonuses were determined with reference to the Group's revenue, operating results, individual performance and comparable market statistics.

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Dividends

	2025 **US$**	2024 US$
2025 interim dividend of HK3 cents (2024: HK3 cents) per ordinary share	**2,385,634**	2,447,696
2024 final dividend of HK7 cents per ordinary share (2024: 2023 final HK6 cents)	**5,677,853**	4,866,761
	8,063,487	7,314,457

Subsequent to the end of the reporting period, a final dividend of HK7 cents per ordinary share was proposed by the directors of the Company for the year ended 31 December 2025.

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 **US$**	2024 US$
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**15,870,991**	17,144,830

	2025	2024
Number of shares		
Weighted average number of ordinary shares outstanding less shares held for share award scheme during the year used in the basic earnings per share calculation	**624,540,324**	634,959,157
Effect of dilution – weighted average number of ordinary shares:		
Share award scheme	**7,817,462**	879,765
Number of shares used in diluted earnings per share calculation	**632,357,786**	635,838,922

Shares purchased under the share award scheme are deducted from the total number of shares outstanding for the purpose of calculating earnings per share.

14. Plant and Equipment

	Leasehold improvements US$	Furniture, fixtures and equipment US$	Computer equipment US$	Motor vehicles US$	Total US$
Cost					
At 1 January 2024	1,299,612	530,817	2,356,586	609,890	4,796,905
Additions	–	45,989	987,453	81,330	1,114,772
Disposals/write-off	–	–	(383,590)	(88,318)	(471,908)
Exchange realignment	(7,263)	(6,401)	(18,767)	–	(32,431)
At 31 December 2024	1,292,349	570,405	2,941,682	602,902	5,407,338
Additions	–	29,261	1,579,668	–	1,608,929
Disposals/write-off	–	(3,122)	(96,670)	–	(99,792)
Exchange realignment	27,650	10,641	35,810	–	74,101
At 31 December 2025	1,319,999	607,185	4,460,490	602,902	6,990,576
Depreciation					
At 1 January 2024	997,134	218,530	1,307,085	386,290	2,909,039
Provided for the year	128,245	54,968	271,259	87,695	542,167
Eliminated on disposals/write-off	–	–	(380,936)	(88,318)	(469,254)
Exchange realignment	(3,631)	(2,245)	(9,160)	–	(15,036)
At 31 December 2024	1,121,748	271,253	1,188,248	385,667	2,966,916
Provided for the year	111,322	56,349	385,485	76,555	629,711
Eliminated on disposals/write-off	–	(1,051)	(81,585)	–	(82,636)
Exchange realignment	24,578	4,442	15,276	–	44,296
At 31 December 2025	1,257,648	330,993	1,507,424	462,222	3,558,287
Net carrying amount					
At 31 December 2025	62,351	276,192	2,953,066	140,680	3,432,289
At 31 December 2024	170,601	299,152	1,753,434	217,235	2,440,422

15. Leases

The Group as a lessee

(a) Right-of-use assets

For both years, the Group leases offices for its operations. Lease contracts are entered into for a fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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

	Offices US$
As at 1 January 2024	1,475,393
Additions	200,726
Depreciation charge	(960,355)
Exchange realignment	(10,546)
As at 31 December 2024 and 1 January 2025	705,218
Additions	3,040,410
Depreciation charge	(839,638)
Exchange realignment	52,754
As at 31 December 2025	2,958,744

15. Leases (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2025 **US$**	2024 US$
Carrying amount at 1 January	**800,468**	1,665,032
New leases	**3,040,410**	200,726
Accretion of interest recognised during the year	**49,791**	62,507
Payments	**(993,335)**	(1,114,356)
Exchange realignment	**53,144**	(13,441)
Carrying amount at 31 December	**2,950,478**	800,468
Analysed into:		
Current portion	**602,926**	779,162
Non-current portion	**2,347,552**	21,306

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

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

	2025 **US$**	2024 US$
Interest on lease liabilities	**49,791**	62,507
Depreciation charge of right-of-use assets	**839,638**	960,355
Expense relating to short-term leases	**93,871**	265,234
Total amount recognised in profit or loss	**983,300**	1,288,096

(d) The total cash outflow for leases is disclosed in note 28(c) to the financial statements.

16. Intangible Assets

	Club membership US$	Trademarks US$	Patents US$	Customer list US$	Total US$
Cost					
At 1 January 2024, 31 December 2024 and 31 December 2025	752,202	800,000	182,931	3,493,093	5,228,226
Amortisation and impairment					
At 1 January 2024	–	142,222	168,826	3,185,071	3,496,119
Amortisation for the year	–	53,334	4,883	39,948	98,165
At 31 December 2024	–	195,556	173,709	3,225,019	3,594,284
Amortisation for the year	–	53,334	4,883	39,948	98,165
Impairment during the year	–	–	3,584	127,727	131,311
At 31 December 2025	–	248,890	182,176	3,392,694	3,823,760
Net carrying amount					
At 31 December 2025	752,202	551,110	755	100,399	1,404,466
At 31 December 2024	752,202	604,444	9,222	268,074	1,633,942

The club membership represents a golf club membership with indefinite useful lives in Hong Kong. Management considers that no impairment is identified with reference to the market price of the club membership.

The Group acquired trade receivables, inventories and trademarks of the vendors in February 2021 (the "February 2021 Acquisition"), and acquired purchase orders, customer list and patents and employed several employees of another vendor in October 2021 (the "October 2021 Acquisition"). The directors of the Company assess that both acquisitions were not business combinations and therefore were accounted for as acquisitions of assets, because the respective acquired assets and transferred employees were not a business given that no substantive process had been acquired.

16. Intangible Assets (Continued)

Contingent consideration arrangement (October 2021 Acquisition)

Pursuant to the relevant agreement of the transaction dated 12 October 2021, during the period from the transaction closing date to December 2026 ("the Relevant Period"), the Group is required to pay (i) an amount of US$500,000 at any time upon the profits generated from the customers in the customer list reaching US$2,000,000, which is calculated on the basis of the formula in the agreement ("the Defined Profits"), and (ii) a further amount of US$500,000 if the Defined Profits reach an additional US$1,200,000 thereafter. The maximum aggregate amount of additional payments is US$1,000,000. If, during the Relevant Period, the Defined Profits are less than the sum of US$3,200,000 and additional payments (if any), the vendors are required to repay the Group the shortfall in cash on or before 30 September 2027. The contingent consideration arising from the October 2021 Acquisition is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss. At 31 December 2025, the directors of the Company remeasured the fair value of the contingent consideration with reference to an independent valuation report, and a contingent receivable of US$1,519,841 (2024: US$1,108,734) is resulted due to the poor performance during the year and the management estimation for the Relevant Period, and such amount was classified as a non-current asset as the expected settlement date was more than twelve months from the date of the reporting period.

Impairment assessment

(a) Trademarks acquired in the February 2021 Acquisition

In light of the deterioration in profitability derived from products under the trademarks acquired in the February 2021 Acquisition, the directors of the Company conducted impairment review on the trademarks with reference to the valuation reports prepared by an independent valuer.

The recoverable amount of the trademarks has been determined as the higher of the fair value less cost of disposal ("FVLCD") and value in use ("VIU"). Based on the assessment, the VIU of the trademarks exceeded their FVLCD. Accordingly, the recoverable amount of the trademarks was determined using VIU calculation, which is based on the cash flow forecast derived from the financial budgets approved by management covering the remaining useful life of the trademarks. Such income approach is an appropriate valuation method that can reflect the value of cash flows generated by the continuous operation of the assets, which is consistent with the requirements under HKAS 36 in determining the value in use of cash generating units. The pre-tax discount rate is 19.8% and cash flows beyond the five-year period are extrapolated to the end of the remaining useful life using a 2.3% growth rate. The key assumptions for the VIU calculation included the discount rate and the long-term growth rate. The recoverable amount exceeded the carrying amount and therefore no impairment loss was recognised for the year ended 31 December 2025.

16. Intangible Assets (Continued)

Impairment assessment (Continued)

(b) Customer list acquired in the October 2021 Acquisition

Following the loss of customers in the list acquired in the October 2021 Acquisition, the directors of the Company conducted impairment review on the customer list in view of the loss of customers in the list with reference to the valuation report prepared by an independent valuer.

The recoverable amount of the customer list has been determined as the higher of the FVLCD and VIU. As FVLCD of customer list was considered approximate to VIU, the recoverable amount was determined based on FVLCD. Fair value was measured using the estimated future cash flows attributable to the customer list over its remaining useful life, after deducting required returns for all other contributory assets. The valuation involved significant unobservable inputs including estimated annual growth/(attrition) rates, required returns on contributory assets and the discount rate; accordingly, the fair value measurement was categorised as Level 3 within the fair value hierarchy. The recoverable amount is lower (2024: higher) than the carrying amount, and an impairment loss of US$127,727 was charged to profit or loss during the year ended 31 December 2025 (2024: Nil).

Below is a summary of the valuation techniques used and the key input to the valuation of customer list:

	Valuation technique	**Significant unobservable input**	**Range 2025**	**Range** 2024
Customer list	Multi-period excess earnings method	Growth (attrition) rate	**-2.8% to 10.0%**	-2.6% to 20.0%
		Discount rate	**23.6%**	19.5%

A significant increase/(decrease) in the growth (attrition) rate in isolation would result in a significantly higher/(lower) fair value of the customer list.

17. Inventories

	2025 US$	2024 US$
Raw materials	**1,301,418**	1,594,971
Work in progress	**11,484,851**	10,134,752
Finished goods	**1,106,934**	1,921,929
Total	**13,893,203**	13,651,652

18. Trade Receivables

	2025 US$	2024 US$
Trade receivables	**40,929,344**	34,587,114
Less: allowance for expected credit losses	**(988,942)**	(1,332,522)
Net carrying amount	**39,940,402**	33,254,592

The Group allows credit periods of 30 to 60 days to its customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. The majority of the Group's trade receivables that are neither past due nor impaired have no history of default on repayment. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

18. Trade Receivables (Continued)

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

	2025 US$	2024 US$
0 to 30 days	**30,252,700**	23,355,134
31 to 60 days	**7,518,593**	5,963,129
Over 60 days	**2,169,109**	3,936,329
Total	**39,940,402**	33,254,592

As at 31 December 2025, included in the Group's trade receivable balances are receivables with an aggregate carrying amount of US$4,319,408 (2024: US$4,628,090), which are past due at the end of the reporting period. Out of the past due balances, carrying amount of US$952,362 (2024: US$369,518) has been past due for 90 days or more and is not considered as credit-impaired, based on the good repayment records for those customers and their continuous business with the Group.

The Group applies the simplified approach to provide for ECLs. For trade receivables, they are assessed individually for impairment allowance based on the historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, including time value of money where appropriate.

The Group rebutted the presumption of default under the ECL model for trade receivables over 90 days past due based on the good repayment records for those customers and their continuous business with the Group. The grouping is regularly reviewed by the management of the Group to ensure the relevant information about specific debtors is updated.

Further details of impairment assessment of trade receivables are set out in note 33.

18. Trade Receivables (Continued)

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

	2025 US$	2024 US$
At beginning of year	**1,332,522**	2,111,304
Impairment losses/(reversal of impairment losses), net	**(87,564)**	2,962,747
Amount written off as uncollectible	**(256,016)**	(3,741,534)
Exchange realignment	**–**	5
At end of year	**988,942**	1,332,522

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

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

As at 31 December 2025

		Past due		
	Current	**1 to 90 days**	**Over 90 days**	**Total**
Expected credit loss rate	**0.00%**	**3.95%**	**47.17%**	**2.42%**
Gross carrying amount	**35,620,994**	**3,505,550**	**1,802,800**	**40,929,344**
Expected credit loss	**–**	**138,504**	**850,438**	**988,942**

As at 31 December 2024

		Past due		
	Current	1 to 90 days	Over 90 days	Total
Expected credit loss rate	0.00%	12.73%	65.82%	3.85%
Gross carrying amount	28,626,502	4,879,529	1,081,083	34,587,114
Expected credit loss	–	620,957	711,565	1,332,522

19. Deposits, Prepayments and Other Receivables

	2025 US$	2024 US$
Deposits	**516,754**	214,827
Contingent consideration receivable (note)	**1,519,841**	1,108,734
Prepayments to suppliers	**3,083,640**	7,621,185
Other receivables	**1,138,442**	337,219
	6,258,677	9,281,965
Less: portion classified as non-current assets	**(1,829,569)**	(1,128,488)
Current portion	**4,429,108**	8,153,477

Note: The amount represents the contingent consideration related to the acquisition of intangible assets as disclosed in note 16 to the financial statements.

20. Bank Balances and Cash

	2025 US$	2024 US$
Cash and bank balances	**13,733,538**	2,856,723
Time deposits	**27,792,005**	31,195,461
Cash and cash equivalents	**41,525,543**	34,052,184

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.

Bank balances carry interest at market interest rates of 0.13% to 3.74% (2024: 0.38% to 4.20%) per annum at 31 December 2025.

At the end of the reporting period, the bank balances and cash of the Group denominated in RMB amounted to US$1,630,792 (2024: US$702,024). The RMB is not freely convertible into other currencies, however, under Chinese mainland'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.

21. Trade Payables

	2025 US$	2024 US$
Trade payables	**25,055,104**	20,255,636

The trade payables are non-interest-bearing and credit period on trade payables was up to 60 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	2025 US$	2024 US$
0 to 30 days	**24,693,231**	19,599,122
31 to 60 days	**206,745**	456,207
Over 60 days	**155,128**	200,307
Total	**25,055,104**	20,255,636

22. Contract Liabilities, Other Payables and Accruals

	2025 US$	2024 US$
Contract liabilities (note)	**1,656,670**	2,470,727
Accrued staff costs	**3,988,779**	3,862,305
Other payables and accruals	**3,937,997**	3,532,827
	7,926,776	7,395,132
Total	**9,583,446**	9,865,859

Note: Contract liabilities represent receipts in advance from customers for unsatisfied performance obligations and are recognised as revenue when the Group performs its obligations under the contracts. At contract inception, performance obligation is expected to be satisfied within one year.

23. Derivative Financial Instruments

	2025	2024
	US$	US$
Forward currency contracts		
Assets	**400**	–
Liabilities	**–**	(30,414)
	400	(30,414)

Major terms of the currency forward contracts as at 31 December 2025 and 2024 are as follows:

2025

Notional amount	**Maturity**	**Exchange rates**
Buy US$85,628	22 January 2026	Euro (“EUR”)1:US$1.18
Buy RMB4,740,000	22 January 2026	US$1:RMB7.07
Buy US$33,869	23 January 2026	EUR1:US$1.10
Buy RMB4,660,000	26 February 2026	US$1:RMB7.03
Buy RMB830,000	24 March 2026	US$1:RMB6.97
Buy US$486,159	25 March 2026	EUR1:US$1.19
Buy US$1,134,879	27 April 2026	EUR1:US$1.16

2024

Notional amount	**Maturity**	**Exchange rates**
Buy RMB4,000,000	24 January 2025	US$1:RMB7.09
Buy RMB1,000,000	13 February 2025	US$1:RMB7.15
Buy RMB3,400,000	27 February 2025	US$1:RMB7.23
Buy RMB1,500,000	5 March 2025	US$1:RMB7.26
Buy RMB2,500,000	24 March 2025	US$1:RMB7.29

24. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

2025

	Depreciation allowance in excess of related depreciation US$	Right-of-use assets US$	Total US$
At 31 December 2024	168,171	–	168,171
Deferred tax charged to profit or loss during the year (note 9)	–	627,589	627,589
Gross deferred tax liabilities at 31 December 2025	168,171	627,589	795,760

Deferred tax assets

2025

	ECL provision US$	Lease liabilities US$	Total US$
At 31 December 2024	15,331	–	15,331
Deferred tax credited to profit or loss during the year (note 9)	–	627,589	627,589
Gross deferred tax assets at 31 December 2025	15,331	627,589	642,920

24. Deferred Tax (Continued)

Deferred tax liabilities

2024

	Depreciation allowance in excess of related depreciation US$
At 31 December 2023	92,701
Deferred tax charged to profit or loss during the year (note 9)	75,470
Gross deferred tax liabilities at 31 December 2024	168,171

Deferred tax assets

2024

	Tax losses US$	ECL provision US$	Total US$
At 31 December 2023	40,479	15,917	56,396
Deferred tax charged to profit or loss during the year (note 9)	(40,479)	(586)	(41,065)
Gross deferred tax assets at 31 December 2024	–	15,331	15,331

24. 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 **US$**	2024 US$
Net deferred tax assets recognised in the consolidated statement of financial position	**642,920**	15,331
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(795,760)**	(168,171)
	(152,840)	(152,840)

As at 31 December 2025, the Group has unused tax losses of US$390,387 (2024: US$277,322) available for offsetting against future taxable profits. No deferred tax asset has been recognised in respect of such loses for the years ended 31 December 2025 and 2024. No deferred tax asset has been recognised in respect of these tax losses for the years ended 31 December 2025 and 2024 due to the unpredictability of future profit streams. These unrecognised tax losses may be carried indefinitely.

At the end of the reporting period, the Group has deductible temporary differences arising from impairment losses on trade receivables under the ECL model of US$135,594 (2024: US$93,805). A deferred tax asset has been recognised in respect of approximately US$92,915 (2024: US$92,915) of such deductible temporary differences. No deferred tax asset has been recognised in relation to the remaining deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately US$4,723,650 (2024: US$5,580,906) for the year ended 31 December 2025 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. Share Capital

	2025 HK$	2024 HK$
Authorised:		
1,000,000,000 ordinary shares of HK$0.01 each	**10,000,000**	10,000,000
Issued and fully paid:		
639,100,000 (2024: 639,100,000) ordinary shares	**6,391,000**	6,391,000

	2025 US$	2024 US$
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**820,640**	820,640

	2025 US$	2024 US$
Shares held under share award scheme 19,251,376 (2024: 8,149,834) ordinary shares	**(2,642,932)**	(891,333)

25. Share Capital (Continued)

A summary of movement in the Company's shares held under share award scheme:

	Number of shares	Shares held under share award scheme US$
At 1 January 2024	4,405,667	(471,956)
Shares vested under share award scheme	(1,491,833)	156,636
Shares purchased for the purpose of share award scheme	5,236,000	(576,013)
At 31 December 2024 and 1 January 2025	8,149,834	(891,333)
Shares vested under share award scheme	(2,894,458)	308,180
Shares purchased for the purpose of share award scheme	13,996,000	(2,059,779)
At 31 December 2025	19,251,376	(2,642,932)

Apart from the Company's shares purchased under the share award scheme of the Company as mentioned in note 26 to the financial statements, neither the Company nor any of the Company's subsidiaries purchased, repurchased, sold or redeemed any of the Company's shares during the years ended 31 December 2025 and 2024.

26. Share-Based Payment

Share option scheme

The Company operates a share option scheme (the "Share Option Scheme"), which was adopted on 12 October 2019 (the "Adoption Date"), for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date.

Eligible participants of the Share Option Scheme include the following:

(a) any employee (whether full time or part time) of the Group or any entity (the "Invested Entity") in which any member of the Group holds any shareholding (including any executive director but excluding any non-executive director of the Group or any Invested Entity);

(b) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliances or other business arrangement to the development and growth of the Group.

At 31 December 2025, the total number of shares available for issue under the Share Option Scheme is 64,000,000 (2024: 64,000,000), representing approximately 10.00% of the issued share capital of the Company as at the date of this annual report. The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

26. Share-Based Payment (Continued)

Share option scheme (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding independent non-executive director who is the grantee of the options). In addition, where any grant of share options to a substantial shareholder or an independent non-executive director, or to any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK$5 million, in a 12-month period up to and including the date of grant, such grant of share options is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the board of directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.

The subscription price for shares under the Share Option Scheme shall be a price determined by the board of directors, but shall not be less than the highest of (a) the closing price of shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (c) the nominal value of the shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 December 2025 and 2024, there were no share options outstanding under the Share Option Scheme. No share options were granted, forfeited or exercised, or expired during the year ended 31 December 2025.

26. Share-Based Payment (Continued)

Co-ownership share award scheme

The Company adopted a co-ownership share award scheme (the "Share Award Scheme") on 27 October 2021 for the purpose of recognising and rewarding the contributions of certain eligible persons for the growth and development of the Group and providing personnel, including (a) any director (whether executive or non-executive); (b) any employee (whether full time or part time) of any member of the Group; and (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group, but excluding any person who is treated as a tax resident of a place where an award and/or the vesting and transfer of shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place, or where in the view of the Award Committee or the trustee (as the case may be) compliance with applicable laws and regulations in such places make it necessary or expedient to exclude such person ("Eligible Person"), with incentives in order to retain them for the continual operation, development and long term growth of the Group and to attract suitable personnel for further development of the Group. A trustee, as an independent third party, was appointed by the Company for the administration of the Share Award Scheme. The trustee shall purchase the Company's shares from the market out of cash contributed by the Company and shall hold such shares in trust until they are vested to the participants in accordance to the rules of the Share Award Scheme.

The Share Award Scheme shall be valid and effective for a term of ten years commencing from the adoption date.

Eligible participants of the Share Award Scheme include the following:

(a) the selected Eligible Person must have purchased and retained a certain number of shares in the Company on or prior to the cut off date, on the basis that the Award Committee would consider the granting of an award of one share to every three qualifying shares held by the selected Eligible Person;

(b) the number of shares held or to be held by each selected Eligible Person which would be accepted and recognised by the Award Committee as qualifying shares for the purpose of determination of an award shall: (i) be in multiples of three; and (ii) have an aggregate purchase value (based on the value at the date of purchase of the Shares as shown on the bank/broker statement submitted) of not less than the aggregate value of 2 months of Base Salary of the Eligible Person but not more than the aggregate value of 24 months of such Base Salary of the Eligible Person; and

(c) the selected Eligible Person must be able to produce evidence as required by the Award Committee as set out in such invitation to participate.

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

On 13 June 2023, the Company approved the amendments to the rules of the Share Award Scheme, the amendments are as follows:

(a) the granting of an award of one share to every two qualifying shares (or other number of qualifying shares as determined by the Award Committee and set out in the particular invitation to participate to the selected Eligible Person) held by the selected Eligible Person where the invitation to participate is sent on or after the amendment date instead of granting an award of one share to every three qualifying shares where the invitation to participate was sent prior to the amendment date;

(b) the number of shares held or to be held by each selected Eligible Person which would be accepted and recognised by the Award Committee as qualifying shares for the purpose of determination of an award shall be in multiples of three where the award was made prior to the amendment date; or in multiples of two (or such other number as determined by the Award Committee and as set out in the relevant invitation to participate) where the award is made on or after the amendment date; and

(c) all references to which any award is proposed to be satisfied by an allotment and issue of new shares to the trustee and other relevant provisions in this respect as stated in the rules to the scheme are to be deleted in its/their entirety.

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

During the year ended 31 December 2025, 13,996,000 shares have been purchased from the open market pursuant to the Share Award Scheme during the year (2024: 5,236,000 shares). The details of purchase from the Stock Exchange as follows:

Year ended 31 December 2025

Month of purchase	No. of ordinary shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
June 2025	**12,524,000**	**1.50**	**1.10**	**13,895,471**
September 2025	**308,000**	**1.60**	**1.47**	**482,349**
October 2025	**276,000**	**1.58**	**1.45**	**420,164**
November 2025	**604,000**	**1.58**	**1.47**	**918,056**
December 2025	**284,000**	**1.54**	**1.45**	**424,533**
	13,996,000			**16,140,573**
				US$
				2,059,779

Year ended 31 December 2024

Month of purchase	No. of ordinary shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
November 2024	1,500,000	0.85	0.84	1,273,945
December 2024	3,736,000	0.86	0.85	3,207,493
	5,236,000			4,481,438
				US$
				576,013

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

The awarded shares granted to the employees would be vested over a period of eleven months to eight years. Movements of the number of awarded shares outstanding during the year are as follows:

For the year ended 31 December 2025

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Executive directors										
Mr. Szeto	31 August 2023	0.86	0.85	1.54	960,000	–	(960,000)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	960,000	–	–	–	960,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	960,000	–	–	–	960,000	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	875,000	–	(875,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	875,000	–	–	–	875,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	875,000	–	–	–	875,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	875,000	–	–	–	875,000	November 2024–November 2028
					6,380,000	–	(1,835,000)	–	4,545,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2025 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Mr. Tan	31 August 2023	0.86	0.85	1.54	250,000	–	(250,000)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	250,000	–	–	–	250,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	250,000	–	–	–	250,000	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	275,000	–	(275,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	275,000	–	–	–	275,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	275,000	–	–	–	275,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	275,000	–	–	–	275,000	November 2024–November 2028
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2026
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2027
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2028
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2029
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2030
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2031
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2032
	18 July 2025	1.39	1.40	N/A	–	1,597,750	–	–	1,597,750	July 2025–July 2033
					1,850,000	12,782,000	(525,000)	–	14,107,000	
Sub-total					8,230,000	12,782,000	(2,360,000)	–	18,652,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2025 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Independent non-executive directors										
Mr. See	6 November 2024	0.83	0.84	1.49	42,000	–	(42,000)	–	–	November 2024– November 2025
	6 November 2024	0.83	0.84	N/A	42,000	–	–	–	42,000	November 2024– November 2026
	6 November 2024	0.83	0.84	N/A	42,000	–	–	–	42,000	November 2024– November 2027
	6 November 2024	0.83	0.84	N/A	42,000	–	–	–	42,000	November 2024– November 2028
					168,000	–	(42,000)	–	126,000	
Mr. Andersen	6 November 2024	0.83	0.84	1.49	26,250	–	(26,250)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	26,250	–	–	–	26,250	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	26,250	–	–	–	26,250	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	26,250	–	–	–	26,250	November 2024–November 2028
					105,000	–	(26,250)	–	78,750	
Sub-total					273,000	–	(68,250)	–	204,750	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2025 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Employees (five highest paid individuals)										
An individual	28 February 2022	0.385	0.385	1.20	74,000	–	(74,000)	–	–	March 2022–February 2025
	28 February 2022	0.385	0.385	N/A	74,000	–	–	–	74,000	March 2022–February 2026
	31 August 2023	0.86	0.85	1.54	56,500	–	(56,500)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	56,500	–	–	–	56,500	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	56,500	–	–	–	56,500	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	43,000	–	(43,000)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	43,000	–	–	–	43,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	43,000	–	–	–	43,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	43,000	–	–	–	43,000	November 2024–November 2028
Sub-total					489,500	–	(173,500)	–	316,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2025 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2025 (HK$/share)	Balance as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December 2025	Vesting period
Employees (other than the five highest paid individuals)										
In aggregate	28 February 2022	0.385	0.385	1.20	20,333	–	(20,333)	–	–	March 2022–February 2025
	28 February 2022	0.385	0.385	N/A	20,333	–	–	–	20,333	March 2022–February 2026
	31 August 2023	0.86	0.85	1.54	131,000	–	(131,000)	–	–	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	131,000	–	–	(39,000)	92,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	131,000	–	–	(39,000)	92,000	September 2023–August 2027
	6 November 2024	0.83	0.84	1.49	141,375	–	(141,375)	–	–	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	141,375	–	–	(55,000)	86,375	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	141,375	–	–	(55,000)	86,375	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	141,375	–	–	(55,000)	86,375	November 2024–November 2028
					999,166	–	(292,708)	(243,000)	463,458	
Total					9,991,666	12,782,000	(2,894,458)	(243,000)	19,636,208	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2024

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2024 (HK$/share)	Balance as at 1 January 2024	Granted during the year	Vested during the year	Balance as at 31 December 2024	Vesting period
Executive directors									
Mr. Szeto	31 August 2023	0.86	0.85	0.82	960,000	–	(960,000)	–	September 2023–August 2024
	31 August 2023	0.86	0.85	N/A	960,000	–	–	960,000	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	960,000	–	–	960,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	960,000	–	–	960,000	September 2023–August 2027
	6 November 2024	0.83	0.84	N/A	–	875,000	–	875,000	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	–	875,000	–	875,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	–	875,000	–	875,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	–	875,000	–	875,000	November 2024–November 2028
					3,840,000	3,500,000	(960,000)	6,380,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2024 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2024 (HK$/share)	Balance as at 1 January 2024	Granted during the year	Vested during the year	Balance as at 31 December 2024	Vesting period
Mr. Tan	31 August 2023	0.86	0.85	0.82	250,000	–	(250,000)	–	September 2023–August 2024
	31 August 2023	0.86	0.85	N/A	250,000	–	–	250,000	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	250,000	–	–	250,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	250,000	–	–	250,000	September 2023–August 2027
	6 November 2024	0.83	0.84	N/A	–	275,000	–	275,000	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	–	275,000	–	275,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	–	275,000	–	275,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	–	275,000	–	275,000	November 2024–November 2028
					1,000,000	1,100,000	(250,000)	1,850,000	
Sub-total					4,840,000	4,600,000	(1,210,000)	8,230,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2024 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2024 (HK$/share)	Balance as at 1 January 2024	Granted during the year	Vested during the year	Balance as at 31 December 2024	Vesting period
Independent non-executive directors									
Mr. See	6 November 2024	0.83	0.84	N/A	–	42,000	–	42,000	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	–	42,000	–	42,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	–	42,000	–	42,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	–	42,000	–	42,000	November 2024–November 2028
					–	168,000	–	168,000	
Mr. Andersen	6 November 2024	0.83	0.84	N/A	–	26,250	–	26,250	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	–	26,250	–	26,250	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	–	26,250	–	26,250	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	–	26,250	–	26,250	November 2024–November 2028
					–	105,000	–	105,000	
Sub-total					–	273,000	–	273,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2024 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2024 (HK$/share)	Balance as at 1 January 2024	Granted during the year	Vested during the year	Balance as at 31 December 2024	Vesting period
Employees (five highest paid individuals)									
An individual	28 February 2022	0.385	0.385	0.88	74,000	–	(74,000)	–	March 2022–February 2024
	28 February 2022	0.385	0.385	N/A	74,000	–	–	74,000	March 2022–February 2025
	28 February 2022	0.385	0.385	N/A	74,000	–	–	74,000	March 2022–February 2026
	31 August 2023	0.86	0.85	0.82	56,500	–	(56,500)	–	September 2023–August 2024
	31 August 2023	0.86	0.85	N/A	56,500	–	–	56,500	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	56,500	–	–	56,500	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	56,500	–	–	56,500	September 2023–August 2027
	6 November 2024	0.83	0.84	N/A	–	43,000	–	43,000	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	–	43,000	–	43,000	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	–	43,000	–	43,000	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	–	43,000	–	43,000	November 2024–November 2028
Sub-total					448,000	172,000	130,500	489,000	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

For the year ended 31 December 2024 (Continued)

Name or category of grantee	Date of grant	Closing price immediately prior to the grant (HK$/share)	Fair value per share (HK$/share)	Weighted average closing price immediately before the vesting date of awards during the year ended 31 December 2024 (HK$/share)	Balance as at 1 January 2024	Granted during the year	Vested during the year	Balance as at 31 December 2024	Vesting period
Employees (other than the five highest paid individuals)									
In aggregate	28 February 2022	0.385	0.385	0.88	20,333	–	(20,333)	–	March 2022–February 2024
	28 February 2022	0.385	0.385	N/A	20,333	–	–	20,333	March 2022–February 2025
	28 February 2022	0.385	0.385	N/A	20,333	–	–	20,333	March 2022–February 2026
	31 August 2023	0.86	0.85	0.82	131,000	–	(131,000)	–	September 2023–August 2024
	31 August 2023	0.86	0.85	N/A	131,000	–	–	131,000	September 2023–August 2025
	31 August 2023	0.86	0.85	N/A	131,000	–	–	131,000	September 2023–August 2026
	31 August 2023	0.86	0.85	N/A	131,000	–	–	131,000	September 2023–August 2027
	6 November 2024	0.83	0.84	N/A	–	141,375	–	141,375	November 2024–November 2025
	6 November 2024	0.83	0.84	N/A	–	141,375	–	141,375	November 2024–November 2026
	6 November 2024	0.83	0.84	N/A	–	141,375	–	141,375	November 2024–November 2027
	6 November 2024	0.83	0.84	N/A	–	141,375	–	141,375	November 2024–November 2028
					584,999	565,500	(151,333)	999,166	
Total					5,872,999	5,610,500	(1,491,833)	9,991,666	

26. Share-Based Payment (Continued)

Co-ownership share award scheme (Continued)

The following awarded shares were outstanding during the year:

	Number of awarded shares	
	2025	2024
At beginning of the year		
Number of awarded shares held by the trustee	**8,149,834**	4,405,667
Number of awarded shares granted but not yet vested	**9,991,666**	5,872,999
Maximum number of awarded shares available for grant	**49,332,168**	54,942,668
At end of the year		
Number of awarded shares held by the trustee	**19,251,376**	8,149,834
Number of awarded shares granted but not yet vested	**19,636,208**	9,991,666
Maximum number of awarded shares available for grant	**36,550,168**	49,332,168
% to the issued shares of the Company as at 31 December	**5.72%**	7.72%
Granted during the year	**12,782,000**	5,610,500
Vested during the year	**2,894,458**	1,491,833
Purchased during the year	**13,996,000**	5,236,000
Forfeited during the year	**243,000**	–

The date of grant refers to the dates on which the selected employees agree to undertake to hold the awarded shares on the terms on which they are granted and agree to be bound by the rules of the Share Award Scheme. The fair value of the awarded shares are based on the fair value at the grant date.

The Group recognised the net expenses of approximately US$808,342 (2024: US$322,745) for the year ended 31 December 2025 in relation to the shares granted and forfeited under the Share Award Scheme by the Company.

27. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 96 to 97 of the financial statements.

Merger reserve

The merger reserve represents the difference between the total equity of Lever Style Inc. and its subsidiaries and the nominal value of share capital issued by the Company pursuant to the reorganisation on 8 April 2020, in which the Company became the holding company of the companies then comprising the Group.

Statutory reserve

According to the relevant laws of the PRC, the Company's subsidiaries established in the PRC have to transfer 10% of their profits after taxation to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

Share premium

The share premium mainly represents the difference between the par value of the shares issued and the consideration received. Under the Companies Law of the Cayman Islands, the funds in the share premium and retained profits of the Company are distributable to the parent of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Capital reserve

Capital reserve represents the difference between the amounts of net consideration and the carrying values of non-controlling interests acquired or disposed of.

28. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year ended 31 December 2025, the Group entered into new lease agreements for the use of offices for five years and the Group recognised US$3,040,410 of right-of-use assets and US$3,040,410 of lease liabilities.

(b) Changes in liabilities arising from financing activities

2025

	Lease liabilities US$	**Dividend payable US$**	**Total US$**
At 1 January 2025	**800,468**	**–**	**800,468**
Changes from financing cash flows	**(993,335)**	**(8,063,487)**	**(9,056,822)**
New leases	**3,040,410**	**–**	**3,040,410**
Foreign exchange movement	**53,144**	**–**	**53,144**
Interest expense	**49,791**	**–**	**49,791**
Dividend paid	**–**	**8,063,487**	**8,063,487**
At 31 December 2025	**2,950,478**	**–**	**2,950,478**

2024

	Lease liabilities US$	Dividend payable US$	Total US$
At 1 January 2024	1,665,032	–	1,665,032
Changes from financing cash flows	(1,114,356)	(7,314,457)	(8,428,813)
New leases	200,726	–	200,726
Foreign exchange movement	(13,441)	–	(13,441)
Interest expense	62,507	–	62,507
Dividend paid	–	7,314,457	7,314,457
At 31 December 2024	800,468	–	800,468

28. 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:

	2025	2024
	US$	US$
Within operating activities	**93,871**	265,234
Within financing activities	**993,335**	1,114,356
Total	**1,087,206**	1,379,590

29. Commitments

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

	2025	2024
	US$	US$
Capital expenditure in respect of the acquisition of plant and equipment	**145,554**	–
Consideration in respect of the acquisition of business assets (Note 34)	**13,000,000**	–

30. Related Party Transactions

(a) During the year, the Group entered into the following transactions with a related party:

	2025	2024
	US$	US$
Calman Limited*		
Short-term lease expenses	**76,977**	76,873

* A company controlled by Mr. Bernard Szeto and Ms. Fong Tong, both are close family members of Mr. Szeto.

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

	2025	2024
	US$	US$
Salaries and other allowances	**889,231**	1,158,977
Performance related bonuses	**1,235,846**	2,337,332
Equity-settled share awards	**748,389**	271,015
Pension scheme contributions	**7,693**	9,225
Other retirement benefits	**–**	145,650
Total compensation paid to key management personnel	**2,881,159**	3,922,199

Performance related bonuses were determined with reference to the Group's revenue, operating results, individual performance and comparable market statistics.

The remuneration of directors is determined according to the performance of individuals and market trends.

Further details of directors' and the chief executives remunerations are included in note 10 to the financial statements.

31. 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:

2025

Financial assets

	Financial assets designated at fair value through profit or loss upon initial recognition US$	Financial assets at amortised cost US$	Total US$
Trade receivables	–	39,940,402	39,940,402
Financial assets included in deposits, prepayments and other receivables	1,519,841	1,655,196	3,175,037
Derivative financial instruments	400	–	400
Bank balances and cash	–	41,525,543	41,525,543
Total	1,520,241	83,121,141	84,641,382

Financial liabilities

	Financial liabilities at amortised cost US$
Trade payables	25,055,104
Financial liabilities included in other payables and accruals	3,937,997
Total	28,993,101

31. Financial Instruments by Category (Continued)

2024

Financial assets

	Financial assets designated at fair value through profit or loss upon initial recognition US$	Financial assets at amortised cost US$	Total US$
Trade receivables	–	33,254,592	33,254,592
Financial assets included in deposits, prepayments and other receivables	1,108,734	552,046	1,660,780
Bank balances and cash	–	34,052,184	34,052,184
Total	1,108,734	67,858,822	68,967,556

Financial liabilities

	Financial liabilities designated at fair value through profit or loss upon initial recognition US$	Financial liabilities at amortised cost US$	Total US$
Trade payables	–	20,255,636	20,255,636
Derivative financial instruments	30,414	–	30,414
Financial liabilities included in other payables and accruals	–	3,532,827	3,532,827
Total	30,414	23,788,463	23,818,877

32. Fair Value and Fair Value Hierarchy of Financial Instruments

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	
	Significant observable inputs (Level 2) US$	**Significant unobservable inputs (Level 3) US$**
Derivative financial instruments (Note a)	**400**	**–**
Contingent consideration receivable (Note b)	**–**	**1,519,841**
Total	**400**	**1,519,841**

As at 31 December 2024

	Fair value measurement using Significant unobservable inputs (Level 3) US$
Contingent consideration receivable (Note b)	1,108,734

32. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using Significant observable inputs (Level 2) US$
Derivative financial instruments (Note a)	30,414

Notes:

a. Mark-to-market values are provided by the financial institution, which uses the discounted cash flow method with future cash flows being estimated based on forward exchange rates and contracted exchange rates, discounted at market interest rates.

b. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate of 27% (2024: 25%) and the Defined Profits defined in note 16 to the financial statements. An increase in the Defined Profits used in isolation would result in an increase in the fair value measurement of the contingent consideration receivables, and vice versa. An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the contingent consideration, and vice versa. No sensitivity is presented as the directors of the Company considered that the slight change in relation inputs would not have a significant impact to the fair value.

There were no transfers between Level 2 and level 3 during the year. The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

33. Financial Risk Management Objectives and Policies

The Group's major financial instruments, other than derivatives, comprise deposits and other receivables, bank balances and cash, other payables, lease liabilities, contingent consideration receivable/payable and derivative financial instruments. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The risk associated with these financial instruments include interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The board of directors manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (note 15). The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 20). The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In the opinion of the directors of the Company, the Group does not have material interest rate risk exposure and hence no sensitivity analysis is presented.

33. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk

The Group has monetary assets and liabilities that are denominated in foreign currencies. The Group currently uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. The management of the Group closely monitors foreign exchange exposure to ensure appropriate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2025 US$	2024 US$	**2025 US$**	2024 US$
HK$	**62,530**	31,796,467	**869,573**	690,310
RMB	**2,687,247**	945,306	**3,141,162**	2,770,224
EUR	**1,116,288**	320,427	**84,019**	95,660

Other than the above, several subsidiaries of the Group have the following intra-group payables denominated in HK$ and RMB, which are foreign currencies of the relevant group entities.

	Amounts due from group entities		**Amounts due to group entities**	
	2025 US$	2024 US$	**2025 US$**	2024 US$
HK$	**132,862,671**	102,397,587	**132,914,019**	102,455,283
RMB	**8,896,822**	8,505,322	**8,782,964**	8,394,037
EUR	**6,838,393**	514,633	**6,838,356**	514,638

33. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

Management consider the Group does not expose to HK$ currency risk due to the pegged rate system of HK$ against US$. The Group is mainly exposed to material foreign currency risk on fluctuations of RMB and EUR during the year.

The following table details the Group's sensitivity to a 5% increase in the functional currency of the Group against RMB and EUR. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in RMB and EUR. The sensitivity analysis includes only outstanding RMB and EUR monetary items and adjusts their translation at the end of the reporting period for a 5% change. A positive number below indicates an increase in post-tax profit where 5% increases of RMB and EUR against the functional currency of the Group. For a 5% weakening of RMB and EUR against the functional currency of the Group, there would be an equal and opposite impact on the post-tax profit.

	2025 **US$**	2024 US$
RMB	**(22,696)**	(126,347)
EUR	**51,613**	(3,476)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties arises from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

33. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

The Group performed impairment assessment for financial assets under the ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

Trade receivables

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In order to minimise the credit risk, the management of the Group continuously monitor the credit quality of the debtors and the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

There was certain concentration risk. The total trade receivables from the five largest customers at 31 December 2025 presented 54.5% (2024: 52.5%) of the Group's trade receivables, while 19.3% (2024: 14.4%) of the Group's trade receivables were due from the largest customer.

In addition, the Group performs impairment assessment under the ECL model on trade receivables individually and the reversal of impairment loss of US$87,564 (2024: impairment loss of US$2,962,747) has been recognised during the year ended 31 December 2025. Details of the quantitative disclosures are set out below in note 18 to the financial statement.

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. For the years ended 31 December 2025 and 2024, the Group has assessed the impairment of bank balances and has concluded that the probability of defaults of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided.

33. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Deposits and other receivables

For deposits and other receivables, management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECLs. For the years ended 31 December 2025 and 2024, the Group assessed the ECLs for deposits and other receivables are insignificant and thus no loss allowance is recognised.

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade receivables	Other financial assets
Performing	The counterparty has a low risk of default and has no default records	Lifetime ECLs – not credit-impaired	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs – not credit-impaired	Lifetime ECLs – not credit-impaired
In default	There is evidence indicating that the asset is credit-impaired	Lifetime ECLs – credit-impaired	Lifetime ECLs – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The estimated loss rates are estimated based on internal crediting ratings and historical observed default rates over the expected lives of the debtors and are adjusted for forward-looking information, including but not limited to general economic conditions of the industry in which the debtors operate, that is available without undue cost or effort.

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

33. Financial Risk Management Objectives and Policies(Continued)

Credit risk (Continued)

Management assessed the expected loss on trade receivables at amortised cost individually by estimation based on historical credit loss experience, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In addition, the directors of the Company are of the opinion that except for certain debtors which are credit-impaired, no default has occurred on trade receivables that are past due for 90 days based on the good repayment records for those customers and their continuous business with the Group.

In determining the ECLs for deposits and other receivables, management has taken into account the historical default experience and forward-looking information, as appropriate. For example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding balances in deposits and other receivables is insignificant.

Management considers the bank balances that are deposited with the financial institutions with high credit ratings to be low credit risk financial assets. Management considers the bank balances are short term in nature and the probability of default is negligible in the view of the high-credit-rating issuers, and accordingly, the loss allowance was considered as insignificant.

	Notes	**Internal credit rating**	**12-month or lifetime ECLs**	**Gross carrying amount**	
				2025 US$	2024 US$
Trade receivables	18	Performing	Lifetime ECLs – not credit-impaired	**38,844,750**	31,335,168
		Doubtful	Lifetime ECLs – not credit-impaired	**734,204**	1,869,487
		In default	Lifetime ECLs – credit-impaired	**1,350,390**	1,382,459
				40,929,344	34,587,114
Deposits and other receivables	19	Performing	12-month ECLs	**1,345,468**	337,092
Bank balances and cash	20	Performing	12-month ECLs	**41,525,543**	34,052,184

33. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

The following table shows the movements in lifetime ECLs that have been recognised for trade receivables.

	Lifetime ECLs (not credit-impaired) US$	Lifetime ECLs (credit-impaired) US$	Total US$
As at 1 January 2024	969,316	1,141,988	2,111,304
Impairment losses recognised	584,394	2,378,353	2,962,747
Transfer to credit-impaired	(1,459,910)	1,459,910	–
Write-off	–	(3,741,534)	(3,741,534)
Exchange realignment	5	–	5
As at 31 December 2024	93,805	1,238,717	1,332,522
Impairment losses recognised	41,789	(129,353)	(87,564)
Write-off	–	(256,016)	(256,016)
As at 31 December 2025	135,594	853,348	988,942

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

The ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

33. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

	Weighted average effective interest rate %	Less than 1 month US$	1 to less than 3 months US$	3 months to less than 1 year US$	1 to 5 years US$	Total undiscounted cash flows US$	Carrying amount US$
As at 31 December 2025							
Trade payables	**–**	**24,693,231**	**206,745**	**155,128**	**–**	**25,055,104**	**25,055,104**
Lease liabilities	**3.5%**	**64,417**	**128,833**	**524,939**	**2,504,550**	**3,222,739**	**2,950,478**
		24,757,648	**335,578**	**680,067**	**2,504,550**	**28,277,843**	**28,005,582**
As at 31 December 2024							
Trade payables	–	19,599,122	456,207	200,307	–	20,255,636	20,255,636
Lease liabilities	5.1%	95,415	190,830	525,347	21,805	833,397	800,468
Derivative financial instruments	–	18,638	11,776	–	–	30,414	30,414
		19,713,175	658,813	725,654	21,805	21,119,447	21,086,518

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 business and maximise shareholders' value.

33. Financial Risk Management Objectives and Policies (Continued)

Capital management (Continued)

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 years ended 31 December 2025 and 31 December 2024. The gearing ratios as at 31 December 2025 and 31 December 2024 were as follows:

	2025 **US$**	2024 US$
Trade payables	**25,055,104**	20,255,636
Other payables and accruals	**7,926,776**	7,395,132
Less: Bank balances and cash	**(41,525,543)**	(34,052,184)
Net cash	**(8,543,663)**	(6,401,416)
Equity attributable to owners of the parent	**69,749,989**	63,021,174
Capital and net cash	**61,206,326**	56,619,758
Gearing ratio	**0%**	0%

The directors of the Company review the capital structure on a regular basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new shares issued as well as the issue of new debts or the redemption of existing debts.

34. Event After The Reporting Period

On 17 December 2025, the Group entered into asset purchase agreement with Active Apparel Group Pty Ltd and Active Apparel Group (America) LLC ("Vendors") and the Vendors' Guarantor, AAG Holdco Pty Ltd, to purchase certain of its trade receivables, customer deposits, purchase order and asset records at a consideration of US$13,000,000. The transaction was completed on 2 January 2026.

35. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

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 US$	2024 US$
NON-CURRENT ASSET		
Investment in a subsidiary	**14,777,987**	14,765,934
CURRENT ASSETS		
Deposits, prepayments and other receivables	**162,082**	104,973
Amounts from subsidiaries	**10,828,908**	12,075,740
Bank balances and cash	**2,712**	1,428
Total current assets	**10,993,702**	12,182,141
CURRENT LIABILITIES		
Other payables and accruals	**31,062**	48,498
Total current liabilities	**31,062**	48,498
NET CURRENT ASSETS	**10,962,640**	12,133,643
TOTAL ASSETS LESS CURRENT LIABILITIES	**25,740,627**	26,899,577
Net assets	**25,740,627**	26,899,577
EQUITY		
Share capital	**820,640**	820,640
Shares held for share award scheme	**(2,642,932)**	(891,333)
Reserves (note)	**27,562,919**	26,970,270
Total equity	**25,740,627**	26,899,577

36. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium	Capital reserve (Note)	Awarded share compensation reserve	Retained profits/ (accumulated losses)	Total
	US$	US$	US$	US$	US$
At 1 January 2024	26,393,444	286,662	109,417	(15,605)	26,773,918
Profit and total comprehensive income for the year	–	–	–	7,344,700	7,344,700
Recognition of equity-settled share-based payment	–	–	322,745	–	322,745
Dividends recognised as distribution	–	–	–	(7,314,457)	(7,314,457)
Recognition of vested shares	–	–	(156,636)	–	(156,636)
At 31 December 2024	26,393,444	286,662	275,526	14,638	26,970,270
Profit and total comprehensive income for the year	–	–	–	8,155,974	8,155,974
Recognition of equity-settled share-based payment	–	–	808,342	–	808,342
Dividends recognised as distribution	–	–	–	(8,063,487)	(8,063,487)
Recognition of vested shares	–	–	(308,180)	–	(308,180)
At 31 December 2025	26,393,444	286,662	775,688	107,125	27,562,919

Note: Capital reserve represented the waiver of listing expenses by a wholly-owned subsidiary.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 12 February 2026.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

Results

	Year ended 31 December				
	2025	2024	2023	2022	2021
	US$	US$	US$	US$	US$
REVENUE	**200,156,359**	222,929,009	208,529,489	217,209,081	143,687,303
PROFIT BEFORE TAX	**19,363,458**	20,098,923	18,272,686	17,585,538	5,296,410
Income tax expense	**(3,492,467)**	(2,954,093)	(2,659,826)	(3,072,199)	(978,533)
PROFIT FOR THE YEAR	**15,870,991**	17,144,830	15,612,860	14,513,339	4,317,877

Assets and Liabilities

	31 December				
	2025	2024	2023	2022	2021
	US$	US$	US$	US$	US$
TOTAL ASSETS	**109,413,724**	95,019,975	89,096,493	91,030,768	86,600,147
TOTAL LIABILITIES	**(39,663,735)**	(31,998,801)	(35,539,423)	(43,271,833)	(50,756,677)
TOTAL EQUITY	**69,749,989**	63,021,174	53,557,070	47,758,935	35,843,470