



Convenience Retail Asia Limited
利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00831

ANNUAL
REPORT **2025**

馮氏



A Fung Retailing Company





The first 5th Generation Saint Honore store opened in Prince Edward in August 2025.

Contents

Corporate Information	2
Highlights	3
Chairman’s Statement	5
CEO’s Statement	7
Management Discussion and Analysis	14
Corporate Governance Report	20
Directors and Senior Management Profile	43
Information for Investors	49
Directors’ Report	50
Independent Auditor’s Report	62
Consolidated Profit and Loss Account	68
Consolidated Statement of Comprehensive Income	69
Consolidated Balance Sheet	70
Consolidated Statement of Changes in Equity	72
Consolidated Cash Flow Statement	73
Notes to the Consolidated Financial Statements	74
Five-Year Financial Summary	inside back

Corporate Information

Executive Directors

Terence FUNG Yue Ming # (*Vice Chairman*)
Michael TANG Tsz Kin (*Chief Executive Officer*)

Non-executive Directors

William FUNG Kwok Lun #+ (*Chairman*)
Richard YEUNG Lap Bun
Sabrina FUNG Wing Yee
Tiffany Daisy LEE Pei Ming

Independent Non-executive Directors

Anthony LO Kai Yiu #*
(*Lead Independent Non-executive Director*)
Sarah Mary LIAO Sau Tung #+*
Terrence TSANG Diao-Long #+*

Group Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Company Secretary

CHU Wai Ling

Registered Office

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Hibiscus Way, 802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

Head Office and Principal Place of Business

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2 On Ping Street
Siu Lek Yuen
Shatin
New Territories
Hong Kong

Website

www.cr-asia.com

Legal Advisers

Johnson Stokes & Master
(as to Hong Kong Law)

Conyers Dill & Pearman, Cayman
(as to Cayman Islands Law)

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
Bank of China (Hong Kong) Limited

Nomination Committee members

+ *Remuneration Committee members*

* *Audit Committee members*

Financial Highlights

	Change	2025 HK\$'000	2024 HK\$'000
Revenue	-2.8%	1,445,476	1,486,479
Core operating profit (included interest expenses on lease liabilities)	+19.3%	40,900	34,275
Profit attributable to shareholders of the Company	+41.4%	33,806	23,914
Basic earnings per share (HK cents)	+38.7%	4.3	3.1
Dividend paid per share (HK cents)			
Final		3	1
Full Year		4	3

Operation Highlights

- The Group maintains market share in key bakery categories despite on-going challenges for local retail industry, including changing consumer travel and spending patterns and intensified price competition.
- Profit up by 41% versus prior year, demonstrating effectiveness of the Group efforts to streamline store network, secure new channel customers, achieve production efficiency and optimise costs. Profit alert issued.
- The Group's B2B bakery enterprise once again posts double-digit sales growth and continues to add high-profile corporate customers.
- The Group maintains healthy financial position with net cash of HK\$208 million and no bank borrowings.
- The Board of Directors has resolved to declare a final dividend of 3 HK cents per share. Total dividend for the year amounts to 4 HK cents.

Highlights

Number of Stores

	31 December 2025	31 December 2024
Saint Honore Bakery		
Hong Kong & Macau	122	125
Guangzhou	3	4
Subtotal	125	129
Pâtisserie Mon cher		
Hong Kong	7	7
Total number of Stores under Bakery Group	132	136
Zoff Eyewear		
Hong Kong	17	16
Singapore	3	5
Subtotal	20	21
Total number of Stores under Convenience Retail Asia	152	157

Chairman's Statement



Dr William FUNG Kwok Lun
Chairman

In 2025, Convenience Retail Asia protected its market share amidst another difficult year for the retail industry, venturing into new and exciting product areas while further establishing its B2B bakery business as a significant bottom-line contributor. The Group continued to be one of the most innovative operators of its kind in online-to-offline customer relationship management, product development and food production. We are also putting in place a new Three-Year Plan that will set the tone for further success for the years 2026 to 2028. Although the operating environment remains challenging, we are optimistic that we are on track to become one of Asia's leading multi-brand specialty retailers.

A Foundation for Success

It was encouraging to see our retail bakery operations achieve respectable sales during the year under review, especially when compared to the wider bread, pastry, confectionary and biscuit segment, which declined -9.1% by value and -12.4% by volume^{note}. We achieved this largely on the back of robust marketing and promotion as well as the development of innovative new products, both of which helped us drive sales on weekdays and maintain transaction value. Our premium pâtisserie brand Mon cher performed admirably, posting strong double-digit growth as it continued to establish its brand presence in key affluent areas of Hong Kong. Meanwhile, our B2B enterprise is achieving double-digit growth every year. In 2025, this business continued to win high-profile new clients in the convenience store, supermarket, catering, restaurant and hotel sectors while achieving strong organic growth with key existing accounts.

Zoff, our franchise of the famous Japanese fashion eyewear brand, also outperformed its segment while maintaining market share. Net sales benefitted from effective marketing campaigns and compelling influencer and brand collaborations, while innovative new lens products and frame collections underscored our leadership in the segment. We also continued to expand our customer base by promoting Zoff's expertise in helping children combat early-stage myopia and making its professional services and diagnostic equipment readily available to the senior community.

Note: Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 4 March 2026

Outlook

At Convenience Retail Asia, there is "Always Something New" – new products, services and shopping experiences that reflect the latest trends. No matter the operating environment, we are as committed as always to delivering on this brand promise. Our new Three-Year Plan will emphasise the pursuit of new growth drivers as well as strong organic growth based on our core competencies as we continue adapting to the ever-changing retail landscape.

We are excited about the rollout of our 5G Saint Honore stores, which will carry classic Hong Kong offerings alongside modern products designed to appeal to a new group of bakery enthusiasts. They will play a pivotal role in driving individual store performance, enhancing brand image and achieving higher store productivity. We will also protect our market share in key categories like individually and family-packaged bread as we keep pushing into new growth areas, such as products that are both healthy and tasty. Meanwhile, we are pleased to see Mon cher and Merci Moncher gaining traction among influential young professionals who appreciate premium artisanal bakery products, and we will keep seeking attractive locations for new outlets while striving for another year of healthy double-digit growth. On the manufacturing side, our new Tai Po factory will support the future growth of our B2B bakery business, from which we expect another good year as one of the market's leaders in bakery solutions for major corporate clients. We will also further expand Zoff's reach into the youth and elderly demographics, driving growth by promoting innovation delivered with great professionalism and customer service.

Decades after our establishment, it's wonderful to see that while the world and our business have experienced profound changes, our core values and brand DNA haven't changed. We are still as dedicated as ever to providing impeccable quality and customer experience while delivering shareholder value and being a caring member of society. I would like to thank my fellow Board members, our talented management and all our hardworking staff for their contributions to our success, and I look forward to achieving much more together in the coming months and years.

William FUNG Kwok Lun

Chairman

Hong Kong, 19 March 2026

CEO's Statement



Mr Michael TANG Tsz Kin
Chief Executive Officer

Despite macroeconomic headwinds, the Group delivered solid performance in the bakery segment during the year under review by maintaining market share in key categories while diversifying into new growth areas, particularly health and wellness. Core operating profit improved due to a host of operational management initiatives, including store network optimisation and stringent cost controls. Meanwhile, high product quality, cutting-edge innovation and world-class customer experience – hallmarks of the Group – once again kept us at the forefront of our industry.

Operations Review – Bakery Business

In 2025, the Group had a net closure of three (3) stores across Hong Kong and Macau. Total retail bakery revenue decreased slightly versus last year as a result of lower foot traffic during weekends and public holidays. To improve store profitability, we implemented a number of cost control measures that delivered positive results.

Overall performance was relatively stable is a reflection of our agility to adapt to market demand as well as disciplined cost management. To address declining footfall and sales, we have focused on maintaining increasing transaction value by introducing new products regularly and implementing more promotion activities.

There were several other bright spots for the Group during the year. Although weekends and public holidays were challenging, special Monday-to-Friday promotions drove an uptick in weekday sales. Responding to the industry-wide decline in sales of full-size cakes, we further strengthened categories such as sourdough, individually portioned bread and ready-to-go lunch combos, helping maintain stable transaction value. We are also striving to meet the demands of more health-conscious customers by creating innovative, healthy offerings like our “Clean Label” series, which features products with few or no additives, and high-protein products. For those seeking lighter meals and post-workout snacks, we introduced submarine sandwiches, salads and soft-boiled eggs.

Operations Review – Bakery Business (continued)

We are always seeking new and creative ways to engage with our customers and expand our market. We proudly launched our new 5G store model in two strategic locations, Prince Edward and Lam Tin, featuring an updated design that completely transforms the existing store environment to create a more spacious, welcoming and stylish atmosphere. These locations have expanded frozen food facilities and ready-to-eat baked goods areas. They also have a hot food counter serving trendy offerings created in collaboration with Seoul Recipe, a famous Korean catering group. One highlight was the launch of affordable, high-quality Korean bento boxes that let customers enjoy hot rice and noodle lunches topped with popular dishes like Korean fried chicken and spicy pork belly. Saint Honore and Seoul Recipe also collaborated on a traditional Hong Kong-style pineapple bun with Korean-style BBQ chicken (韓式炸雞菠蘿包), which proved to be a big success.

The Group has long been a digital pioneer among specialty retail operators. We continued to enhance Cake Easy, Saint Honore's online-to-offline (O2O) customer relationship management (CRM) programme, adding more product categories and game elements while introducing a variety of member engagement activities to improve the customer experience. At the end of 2025, CakeEasy had 1.45 million members across Hong Kong and Macau, including a high proportion of active members and more than 200,000 Gold members. During the year, Cake Easy and Saint Honore were recognised by the Hong Kong Retail Management Association for "O2O Customer Experience" and won Bronze awards for "2025 Quality Trusted E-Shop" as well as "O2O Retail Brand".

During the year under review, the Group once again strove to offset high rental, staffing, material and logistics costs while boosting performance and efficiencies in areas such as category management, supply chain management, manufacturing and labour. Our prudent financial management and operational excellence resulted in a slight improvement in overall profit.



New 5th generation store has introduced new store concepts such as ready-to-eat baked goods, high-quality Korean-style bento boxes, and Hong Kong x Korean-style pineapple bun with BBQ chicken.

Operations Review – Bakery Business (continued)

Despite high costs and intensifying competition, the Group's flourishing B2B enterprise once again achieved double-digit sales growth thanks to strong organic development and new customer acquisition. Over the past three fiscal years, our B2B revenue was double-digit CAGR growth, demonstrating market confidence in our world-class manufacturing capabilities in high-growth areas including sourdough bread, festive offerings, and chilled foods like sandwiches and salads, which have become major differentiators for the Group. Existing clients include leaders in convenience retail, restaurant chains, hotels, catering and supermarkets, while new accounts feature marquee names in coffee chains, hotels and more. This business also provides invaluable synergies with the Group's own bakery operations.

In 2025, we secured the lease to a new factory in Tai Po that will significantly boost our productivity and efficiency. This facility will focus on the production of chilled food and festive products. We have also expanded and enhanced our ISO 22000 – certified Shenzhen factory to further support our B2B operations. Throughout the year, our manufacturing team continued to digitalise factory operations to increase efficiency and enhance data management. Initiatives included developing a new digital bread sorting and distribution system, implementing a "Smart Traceability System" for process tracking, and installing robotic arms to reduce manual handling.

In corporate citizenship, our Hong Kong stores once again participated in the Earth Hour campaign organised by the World Wide Fund for Nature to support environmental conservation awareness. We also continued donating unsold bread products to NGOs. For the first time, all Group stores were on Yindii, an app that connects users with unsold food available at affordable prices, and their efforts were so successful that Yindii named Saint Honore its "Eco Brand of the Year 2025" while praising Merci Moncher for "Outstanding Dedication to Sustainability 2025". All Group stores also participated in the Environment and Ecology Bureau's "Charter on External Lighting Campaign", receiving the Diamond Award for their efforts. We also remained very active at the volunteer level, cooperating with several NGOs on a range of meaningful initiatives.



Our factories delivered high-standard production environments to serve the daily and festive needs of our B2B clients. High quality products like sourdough bread are one of the well-received products.

Operations Review – Bakery Business (continued)

Since introducing the premium Japanese pâtisserie Mon cher to Hong Kong in 2020, the Group has steadily developed a loyal and growing local following for the brand despite market difficulties. In 2025, Mon cher experienced a 36% year-on-year increase in revenue, driven by the opening of a new location at IFC mall in Central and the launch of “Merci Moncher” – a new concept fusing Japanese and French bakery styles to appeal to young, aspirational professionals seeking “Instagrammable” experiences – in the fashionable and bustling Causeway Bay district. The Group now operates seven total outlets across the city. We also introduced several new products and flavours during the year, further delivering on our “Always Something New” promise.

Operations Review – Eyewear Business

In 2025, the Group overcame challenging operating conditions to maintain and strengthen Zoff's leading position in Hong Kong's competitive fast-fashion eyewear market. Total revenue increased year on year due to increased foot traffic, which was driven by effective marketing and promotions highlighting the brand's style, design quality, professionalism and customer service. In December, we opened a new store at TMTplaza, one of the busiest shopping malls in the New Territories, bringing the number of outlets in Hong Kong to 17.

Zoff has long epitomised Japanese style and quality among younger generations. Because of its strong focus on technical expertise and innovation, the brand now also appeals to children and seniors in need of well crafted, value-for-money corrective eyewear. All Zoff stores are fully equipped with non-contact tonometers that measure intraocular pressure – a key test in detecting glaucoma – without the risk of contamination, further elevating Zoff's reputation for professionalism. We have also rolled out the health care voucher payment collection method across all stores, making it easier and more cost-effective for seniors to receive eye examinations and purchase corrective eyewear.

During the year under review, customers responded well to numerous launches of optional lenses targeting the photochromic and progressive markets. We hosted a “Mini Optometrist Experience” with influencers and their children featuring eye care education, eye examinations, and complimentary HOYA MiYOSMART glasses that correct myopia in children and help prevent longer-term issues. We also held a promotion featuring star frontline sales staff and optometrists to showcase our professional optical services, advanced diagnostic equipment, and high-quality frames and lenses.



Moncher's Christmas cake collection and Mid-Autumn Festival gift sets bring a festive atmosphere to consumers. A variety of exquisite options are available, perfect for gifting to family and friends or personal enjoyments.



Merci Moncher provides our quality-conscious customers with fresh and delicious sandwiches and light meals.

Operations Review – Eyewear Business (continued)

Zoff carries over 1,000 SKUs at any given time and regularly updates its unparalleled selection to ensure that it is on trend and meets the discerning expectations of its style-conscious customers. In 2025, we sought to widen our customer base and further strengthen the brand by engaging with influencers as well as forming strategic promotional partnerships and collaborations with popular brands and IP including Shiseido, Disney, Sanrio, United Arrows and many more. One of our most successful launches was Galileo, an exclusive, patented collection of all-rubber, metal-free, virtually unbreakable frames and sunglasses designed for the active wearer.

Zoff also served the community during the year. A campaign with The Salvation Army encouraged customers to donate their old eyewear in exchange for discounts on new pairs, with all collected eyewear being redistributed to charities and those in need. We also contributed towards raffle events organised by the Tung Wah Group of Hospitals.

Future Prospects

The retail environment will likely remain challenging in the near to medium term due to structural changes in consumption and travel behaviours. Meanwhile, operating costs will remain elevated due to high rentals and low retail and F&B unemployment rates. It is imperative that we keep optimising our costs and store networks to further improve our operating margins.

Our new Three-Year Plan emphasises protecting our growing market share in core bakery categories while also meeting changing consumer needs – by offering healthier choices, for example – effectively diversifying our customer base and revenue streams and creating stronger differentiation from competitors. We will also continue to upgrade our brick-and-mortar and online interfaces, which is helping us engage with customers in fresh new ways. The rollout of our 5G stores demonstrates how we are optimising our store networks for maximised impact.



All Zoff stores are equipped with non-contact tonometers, and our professional team offers free tonometer measurement services.



The “Mini Optometrist Experience” campaign invited influencers and their children to participate. The event includes eye care education, eye examinations, and offer of HOYA MiYOSMART glasses, which can correct myopia in children and help prevent long-term eye problems.



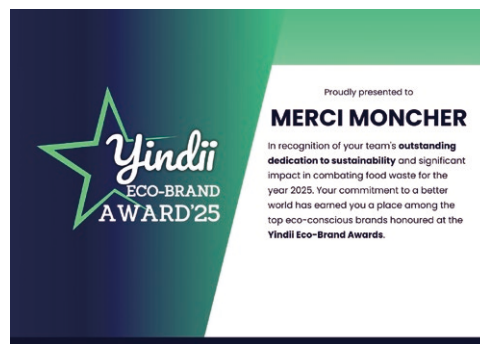
A new Zoff store opened in Tmtp Plaza, Tuen Mun in December 2025.

Future Prospects (continued)

Operational excellence, innovation and strong product development are the cornerstones of our manufacturing and B2B segment. We are striving to become a leading bakery solution provider in Hong Kong by expanding our B2B footprint locally and across the GBA, and we will continue to develop trendy products to capture new channel opportunities. In addition to achieving greater manufacturing efficiencies through automation and digitalisation, we will also keep focusing on our people, cultivating and retaining talent in order to offset pressures on labour cost and supply, boost market competitiveness, and drive long-term business success.

The Group aims to achieve strong double-digit sales growth for Mon cher in 2026 through a multi-pronged strategy featuring store network expansion in high-end, high-traffic locations and a deeper online presence, including a new mini-CRM platform to drive customer loyalty and social media engagement. In marketing, we will place strong focus on Mon cher's famous Dojima roll, emphasising its quality, deliciousness and variety to build top-of-mind product awareness. There are also significant growth opportunities in the pound cake and birthday cake segments. Meanwhile, the transformation of our production model and introduction of new "daytime" revenue streams such as breakfast and lunch solutions should help us evolve Merci Moncher into a sustainable business that maximises operational efficiency.

Under the Group's guidance, Zoff has become the leading fast-fashion eyewear brand in Hong Kong. We plan on defending and extending our market leadership with product launches and promotions emphasising Zoff's professional optical services, innovative lenses and stylish, high-quality frames, particularly among the children's and senior segments. Behind the scenes, we will continue investing in our people, optical equipment, store experience and product development while ramping up our deployment of technology and automation in customer service, data analytics, marketing and more.



Saint Honore and Moncher were both awarded Yindii's ECO-Brand Award for their outstanding contributions to sustainable development, becoming ECO Brand for the year of 2025.

Future Prospects (continued)

Despite difficult operating environments, our management will continue providing the strong leadership and visionary strategic direction needed to change with the ever-evolving market. We have long track records of manufacturing and customer service excellence as well as top-notch facilities and personnel, and our robust financial strength puts us in a very strong position to invest in our business and seek new additions to our portfolio as the industry continues adjusting to new market realities. I am also confident that our unwavering commitments to quality and innovation will continue to win the hearts of our retail and corporate customers as we keep striving to become one of the region's leading specialty retailers.

Michael TANG Tsz Kin

Chief Executive Officer

Hong Kong, 19 March 2026

Management Discussion and Analysis

Financial Review

In 2025, the Group's turnover decreased by 2.8% to 1,445 million. Turnover for the bakery business decreased by 3.0% to HK\$1,297 million. The bakery retail business continued to experience low foot traffic during weekends and holidays as well as shifts in consumer behavior, trends that were in line with the overall retail environments of Hong Kong and Macau. In response, the Group introduced a series of new products that helped boost weekday sales to offset the effects of market challenges. B2B bakery revenue recorded double-digit growth on the back of new customers and organic growth of existing customers. Turnover for the Zoff eyewear business remained steady at HK\$148 million, representing a soft decrease of 0.5% compared to 2024. Zoff's Hong Kong operations reported 1.7% revenue growth resulting from strong marketing efforts driving brand loyalty and the increase in demand for professional eyecare services.

Gross margin as a percentage of turnover declined by 1.8 percentage points to 51.1%. This was due to a higher sales ratio from the B2B business, which has a relatively lower gross margin than retail sales. Differences in product mix and inflation in material costs were offset by the favourable foreign exchange rates of the Japanese yen.

Operating expenses as a percentage of turnover decreased from 50.6% to 48.3%. Improved operational efficiency was key to reducing operating costs. Elsewhere, the Group strictly controlled store lease renewals and negotiated more favourable leases with landlords. Adjusting store opening hours and shift schedules improved the productivity of frontline staff. The Group also reviewed supply chain costs to identify opportunities for cost savings. All these measures combined to result in a reduction in sales, distribution and administrative expenses during the review period.

Core operating profit before interest expenses on lease liabilities increased by 13.3% to HK\$47 million. Including non-core operating loss and interest expenses, net profit increased by 41.4% to HK\$34 million from HK\$24 million the previous year.

Basic earnings per share increased by 38.7% to 4.3 HK cents from 3.1 HK cents.

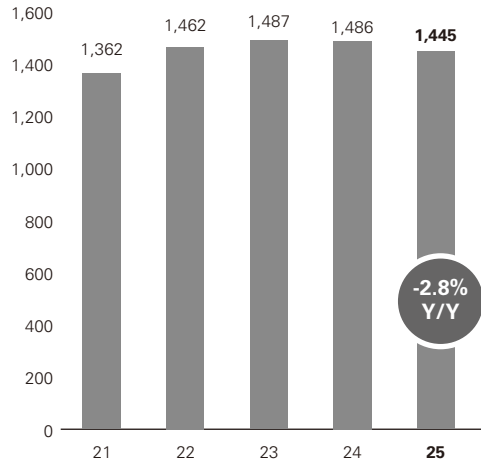
As at 31 December 2025, the Group had a net cash balance of HK\$208 million, generated mainly from daily business operations. The Group had no bank borrowings. Most of the Group's cash and bank deposits were in its operating currencies and deposited with major banks in Hong Kong and Mainland China. The majority of the Group's assets, liabilities, revenues and payments were held in Hong Kong dollars, renminbi, Singapore dollars or Japanese yen. The Group had foreign exchange exposure, as the Group's trade suppliers transact in renminbi and Japanese yen. The Group is subject to interest rate risks on the interest income earned from bank deposits. The Group will continue its policy of placing surplus cash in term deposits denominated in its operating currencies, with appropriate maturity periods to meet its future operating requirements and capital expenditure requirements. The Group has standby banking facilities of HK\$88 million in support of treasury planning and management.

The Board of Directors has resolved to declare a final dividend of 3 HK cents per share.

Financial Review (continued)

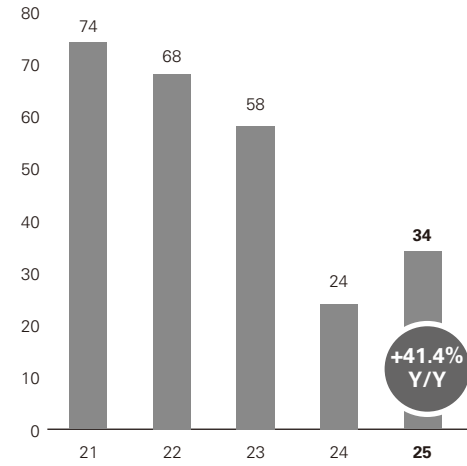
Revenue

(HK\$ million)



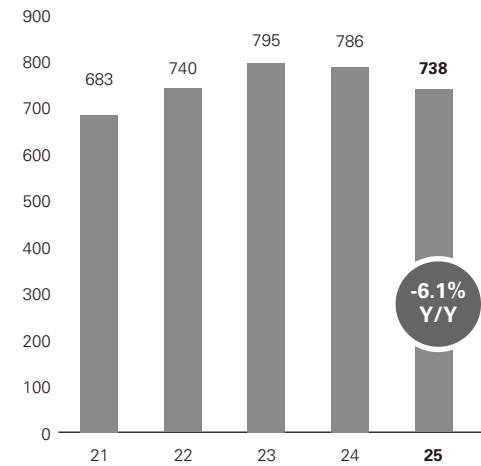
Net Profit

(HK\$ million)



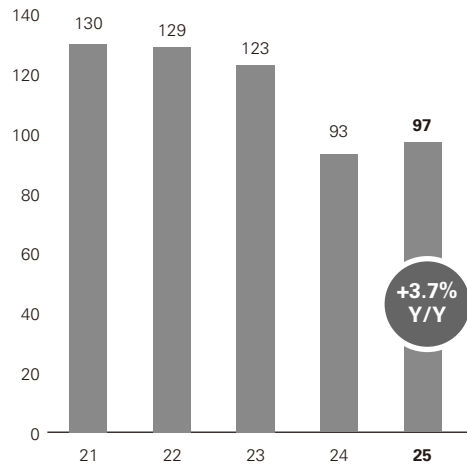
Gross Profit

(HK\$ million)



Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

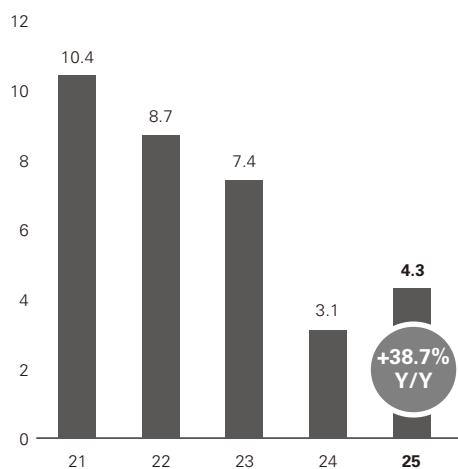
(HK\$ million)



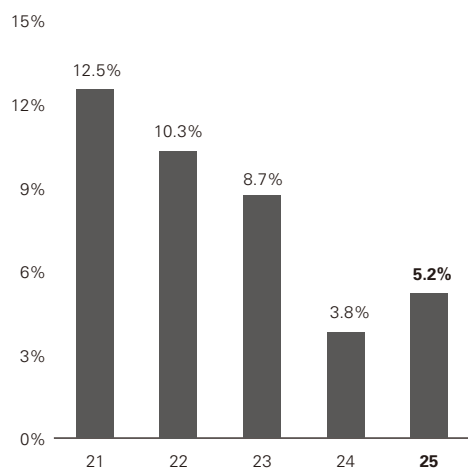
Financial Review (continued)

Earnings per Share

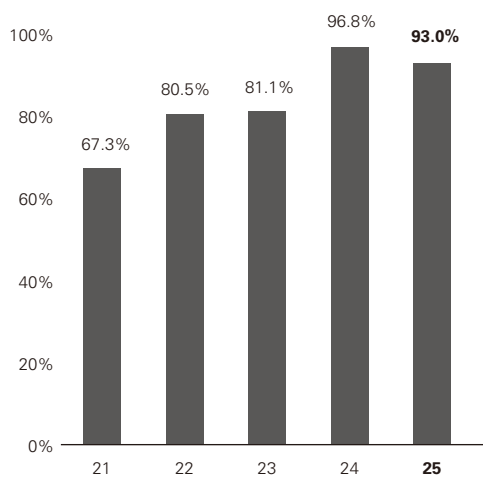
(HK cents)



Return on Total Equity¹

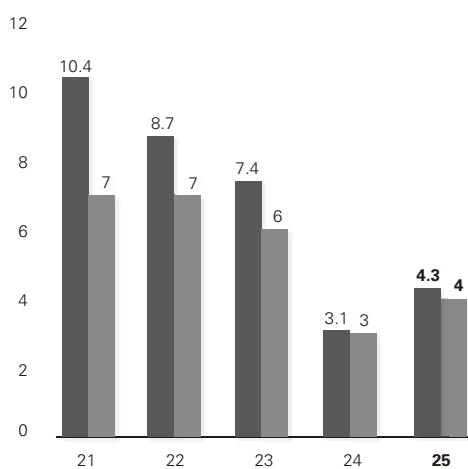


Dividend Payout²



Dividend per Share

(HK cents)



■ Earnings per share
 ■ Full year dividend per share

Notes:

1. Net profit/total equity
2. Dividend per share/earnings per share

Business Model and Corporate Strategy

Convenience Retail Asia is a member of the Fung Retailing Group. It owns the famous Saint Honore bakery chain, operating stores in Hong Kong, Macau and Guangzhou. As at 31 December 2025, there were 125 Saint Honore stores in total across all three cities.

In 2017, the Group acquired the Hong Kong, Macau and Southern China franchise for Zoff, Japan's leading fast-fashion eyewear chain and a highly popular brand among young consumers. As at 31 December 2025, there were 17 Zoff stores in Hong Kong, all located in high-traffic commercial areas. In January 2024, the Group acquired Zoff Singapore, the exclusive operator of the Zoff eyewear brand in Singapore and a wholly owned subsidiary of the Japan-based brand owner. There are currently three stores across a mix of commercial and residential areas.

In 2020, the Group obtained the Hong Kong and Macau franchise licence to operate Mon cher, a premium Japanese dessert and pastry brand. There are currently seven locations in Hong Kong, including a new concept store, Merci Moncher, which opened in December 2024.

The Group aims to be the most innovative, customer-preferred specialty retailer, employing a multi-pronged strategy that includes:

- Innovative, on-trend products inspired by our in-house product development team
- Wide physical store networks providing convenience to customers
- An exceptional online shopping experience through the "Cake Easy" application and store website
- Excellent customer service from our highly motivated, well-trained employees
- Maximised efficiency through the adoption of new equipment and the latest technologies
- Synchronised supply chain management infrastructure and processes
- Continuous investment in brand awareness, store design, people development, eCRM platforms and product development resources

The Group strives to achieve sustainable, long-term value for shareholders through total commitment to its customers, employees and businesses. Its keys to success are excellent customer focus, product innovation, production efficiency, retail operation excellence, adherence to the O2O business model, ethical business practices and strong partnerships with quality suppliers, as well as the prudent, professional management of its growth and profitability.

The Board and management play proactive roles in developing the Group's business model and pursue new ventures to maintain competitiveness and drive sustainable long-term growth.

Management Discussion and Analysis

Employees

As at 31 December 2025, the Group had a total of 2,580 employees, with 55%, based in Hong Kong and 45%, based in Guangzhou, Shenzhen, Macau and Singapore. Part-time staff accounted for 23% of total headcount. Employee benefit expenses for the year amounted to HK\$496 million compared to HK\$523 million in 2024.

The Group offers competitive remuneration schemes, and eligible employees also receive salary packages plus discretionary bonuses based on individual and company performance. Staff have access to a wide range of job-related skill enhancement programmes and attractive career advancement opportunities, and frontline employees receive comprehensive customer service training. To provide safe, healthy, stable and secure work environments, the Group places high priority on hygiene, sanitisation and workplace safety. Through these and other efforts, the Group has been acknowledged as a “Super MD” (“Manpower Developer”) for the years 2020–2026 by the Employees Retraining Board (ERB) under the Manpower Developer Award Scheme. The Group was also a signatory of the Labour Department’s “Good Employer Charter” 2024-2025 logo for its commitment to fostering a family-friendly workplace.

In this period of low unemployment, achieving workplace satisfaction, retaining quality staff and achieving high customer service standards are more important than ever to our business objectives. Each year, the Social Team coordinates activities under our HEARTS (Happy, Energised, Achievements, Respect, Training and Success) employee engagement programme, which includes events focused on career development and work-life balance as well as social gatherings to help colleagues succeed in their professional careers and foster staff camaraderie.

Health and Safety

The Group holds itself to high standards for the safety and hygiene of its customers and employees. Saint Honore’s factories in Hong Kong and Shenzhen are both ISO 9001-accredited. The Shenzhen factory has achieved Hazard Analysis and Critical Control Points (HACCP) food safety accreditation, in 2025, the Shenzhen factory further obtained the ISO 22000 Food Safety Management System. Its in-house microbiological laboratory has been certified by the China National Accreditation Services (CNAS). Employees receive comprehensive food safety, workplace safety and hygiene training as well as protective clothing and equipment where necessary. The Group carries out regular inspections to ensure that its factories and stores continue to meet relevant safety, hygiene and compliance guidelines. Employees in production facilities also receive continuous training on the “5S” principles of “sort, straighten, shine, standardise and sustain”.

Sustainability and Corporate Social Responsibility

As a member of the Fung Group, the Group adheres to the United Nations Global Compact on human rights, labour, anti-corruption efforts, environmental protection and sustainability. We are committed to achieving sustainability throughout our operations wherever possible, striving to protect the environment and conserve natural resources while saving costs through the “three Rs” of reducing, reusing and recycling. We also use energy-efficient equipment and low-carbon fuels to minimise our carbon footprint.

Saint Honore has proudly displayed the “15 Years Plus Caring Company Logo” from the Hong Kong Council of Social Service since 2019 while Zoff Hong Kong has been awarded the “5 Years Plus Caring Company Logo”. These recognitions are given to companies that demonstrate care for the community, their employees and the environment.

Further information on environmental, social and governance policies and performance will be provided in a separate report on the Group’s website.

Corporate Governance Report

The Board and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasise transparency, accountability and independence.

The Board

Corporate Culture

Convenience Retail Asia Limited (“CRA”) strives to develop a sustainable business with people-oriented culture that nurtures successes of our business units and employees. The Board is responsible for defining the purpose, values and strategic direction of the Group, whilst management oversees the nurturance of the culture and core values over its daily operations. The Group instils and continually reinforces its purpose, vision and core values of acting lawfully, ethically and responsibly across the business environment it operates. Taking into account of the above measures, the Board considers that the Group’s purpose, value, strategy and its culture are aligned.

CRA’s Core Values

- Product TFP (Tastiness, Freshness and Presentation)
- Operation EFSS (Easy, Fast, Simple and Safe)
- Focus CX (Customer Experience)
- Embracing our HEARTS culture (Happy, Energised, Achievements, Respect, Training and Success)
- Strong employee engagement

CRA’s Vision

- To be a leading high-quality specialty retailer and B2B enterprise with a sharpened focus on our bakery and eyewear in Hong Kong and expanding to Greater Bay Area and Southeast Asia

CRA’s Purpose

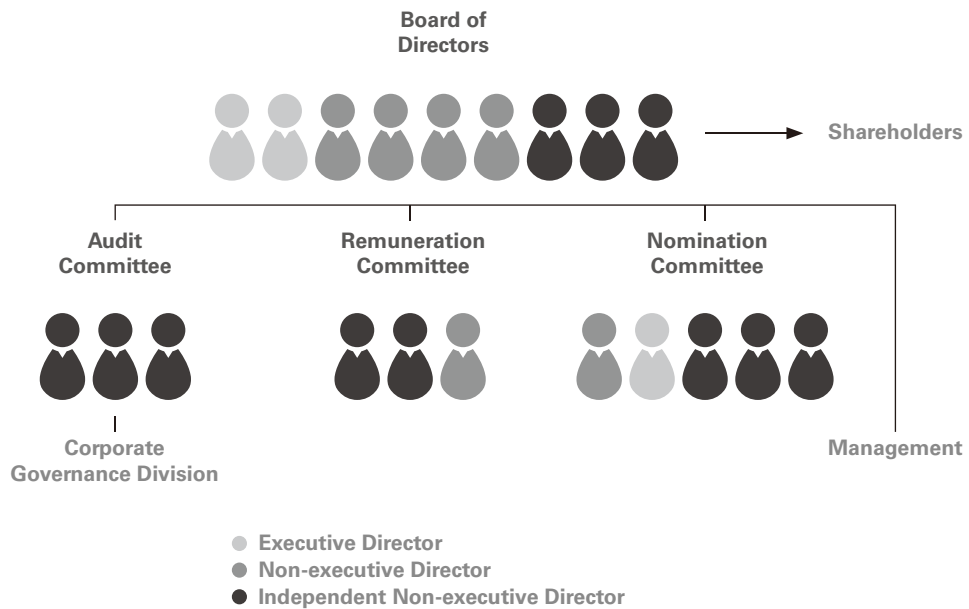
- Providing world-class product quality and service to customers
- Enhancing the quality of life of customers and the community

Corporate Strategy

During the year, the Board discussed during the Board meetings on future strategic planning and potential business opportunities and challenges of the Group. The Board has developed an action plan to explore new sustainable long-term business opportunities in Hong Kong and Greater Bay Area. Details of strategic achievements during the year are set out in the Chairman’s Statement on pages 5 to 6.

The Board (continued)

Board Composition



The Board is structured to ensure it has a balance of skills, experience, knowledge, diversity and contributed valuable insights appropriate to the businesses and development of the Group. The Board is currently composed of the Non-executive Chairman, two Executive Directors (“ED”), three Independent Non-executive Directors (“INED”) and three Non-executive Directors (“NED”). Biographical details and relevant relationships of the Board members are set out in the Directors and Senior Management Profile section on pages 43 to 48.

An up-to-date list of Directors identifying their roles and functions and whether they are Independent Non-executive Directors is available on the websites of both The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company.

Chairman and Chief Executive Officer

In order to enhance independence, accountability and responsibility, the roles of Chairman and Chief Executive Officer are held separately by Dr William FUNG Kwok Lun and Mr Michael TANG Tsz Kin. Their respective responsibilities are clearly established and defined by the Board in writing. The Chairman is responsible for overseeing the proper functioning of the Board with good corporate governance practices and procedures, as well as a culture of openness and debate, whilst the Chief Executive Officer is responsible for managing the Group’s businesses, including the implementation of major strategies and initiatives adopted by the Board.

The Board (continued)

Non-executive and Independent Non-executive Directors

The Non-executive Directors and the Independent Non-executive Directors offer to the Board their skills, experiences and diverse industry expertise. Through active participation in the meetings of the Board and the Board Committees, they bring constructive analysis and independent judgement on corporate strategies, policies, management proposals, accountability, resources, key appointments, taking the lead where potential conflicts of interests arise, as well as scrutinising performance against business goals, ensure the Board maintains high standards of financial reporting and regulatory compliance, as well as providing adequate checks and balances for safeguarding the interests of the Company and the shareholders as a whole.

The primary responsibility of the Lead Independent Non-executive Director is to facilitate and strengthen communication among Independent Non-executive Directors, between Independent Non-executive Directors and the rest of the Board; and with shareholders.

Independence of Independent Non-executive Directors

The Company has received from each Independent Non-executive Director a written confirmation of his/her independence. The Company considers all of the Independent Non-executive Directors to be independent during the year ended 31 December 2025.

Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change of circumstances that may affect his/her independence.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

The Board has reviewed the implementation and effectiveness of the Board Diversity Policy during the year. In reviewing Board composition, the Nomination Committee has considered the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, ethnicity, age, culture and gender, so as to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board, balance of skills, experience, independence and knowledge of the Company, and the diversity representation of the Board will also be considered.

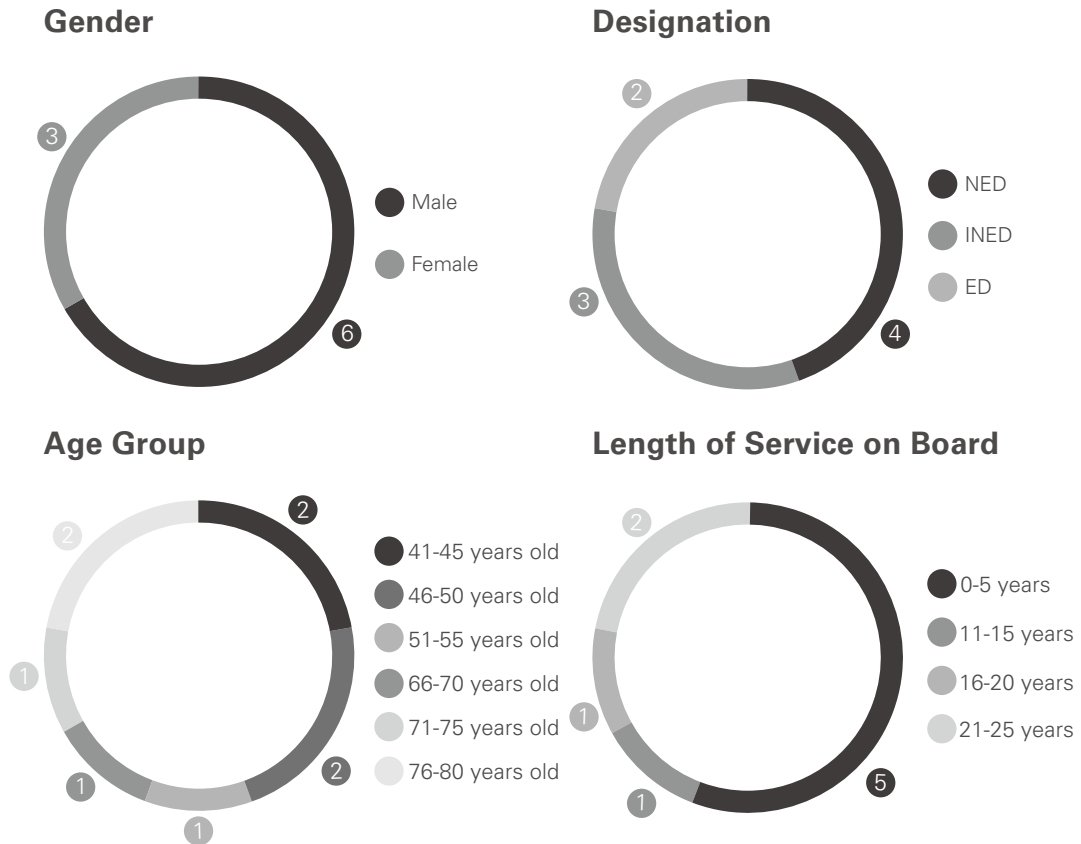
Besides, the Company is committed to maintaining a Board with a minimum representation of 20% of either gender.

Based on the latest review, the Nomination Committee considers the Board to be diverse in respect of the aforesaid evaluation criteria. The Nomination Committee has considered but decided not to set other measurable objectives for implementing the Board Diversity Policy other than gender diversity. The Nomination Committee will continue to ensure that diversity is taken into consideration when assessing Board composition.

The Board (continued)

Board Diversity (continued)

An analysis of the Board’s current composition as at 31 December 2025 is set out in the following charts:



The Board currently consists of three female members (33% of board composition) and gender diversity of the Board is aligned with our Board Diversity Policy. With regard to the Directors’ skills, regional and industry experience as well as background, please refer to their biographical details set out in the Directors and Senior Management Profile section on pages 43 to 48.

The Group strives to ensure a diverse culture and committed to fostering an inclusive and diverse workplace. Our Inclusion & Diversity Statement (available on the Company’s corporate website) outlines our strategic objectives and values, aligning with the Fung Group’s Inclusion & Diversity framework. As at 31 December 2025, female workforce (included senior management) accounted for 63% of the total workforce, which is in-line with the food & beverage retail industry.

The Board (continued)

Board Evaluation

The Board recognises the importance and benefits of conducting regular evaluation of its performance to ensure the effectiveness of its functioning.

The Board has conducted an annual evaluation and a questionnaire is sent to each Director seeking his/her view on issues including the overall performance of the Board (including its committees), Board composition, implementation and effectiveness of shareholders' communication, conduct of Board meetings and provision of information to the Board.

The responses to the questionnaire are analysed and discussed at the Nomination Committee and Board meetings. Any suggestions made by the Directors are duly considered and will be implemented as appropriate to enhance corporate governance practices. The results of the 2025 Board evaluation indicated that the Board and its committees continue to function satisfactorily and the committees fulfilled their duties as set out in their terms of reference.

Nomination and Appointment of Directors

The Board has the ultimate responsibility for the selection, appointment and re-appointment of directors. The Nomination Committee is delegated with the duties to, inter alia, review the composition of the Board. When necessary, the Nomination Committee will identify, select and nominate suitable candidate(s) for appointment as new director(s), and make recommendations on the re-appointment of incumbent Directors in accordance with the Director Nomination policy.

When recommending any candidate for directorship, the Nomination Committee will consider various factors including, but not limited to, the potential contribution that the candidate can bring to the Board in terms of qualifications, skills and experience, the candidate must have sufficient time available for the proper performance of director's duties, the candidate should be of high ethical character with reputation for integrity, the candidate will contribute optimally to diversity, and so forth.

The search process for candidates can be undertaken by the Nomination Committee itself, through referral from various sources, or by the Company's advisors and professional search consultants. The Nomination Committee will then develop a short list of potential candidates for the Board to agree on a preferred candidate.

After the Board has made the appointment, the newly appointed Director is subject to election by shareholders at the first annual general meeting following the appointment.

The Board (continued)

Nomination and Appointment of Directors (continued)

In 2025, the Board reviewed its composition, the retirement and appointment of directors. Changes in the Board composition during the year were as follows:

- Mr Terence FUNG Yue Ming was re-designated as Executive Director and appointed as the Vice Chairman of the Board on 1 June 2025; and
- Mr Anthony LO Kai Yiu was designated as Lead Independent Non-executive Director on 1 December 2025.

The aforesaid changes were disclosed in the Company's announcements dated 1 June and 1 December 2025 respectively.

All Non-executive Directors and Independent Non-executive Directors will be appointed without a specific term and will continue in office thereafter subject to termination by notice in writing by either party to the other. In addition, all Directors are required to retire from office by rotation and are subject to re-election by shareholders at the Annual General Meeting (the "AGM") at least once every three years pursuant to the Company's Articles of Association.

To reinforce accountability, any re-appointment of Director (including Independent Non-executive Director who has served the Board for more than nine years) is subject to a separate resolution to be approved by the shareholders.

Other Matters Concerning Directors

Written procedures are put in place for Directors to seek independent professional advice in performing their duties at the Company's expense. No request was made by any Director for such independent professional advice in 2025.

The Directors ensure that they can give sufficient time and attention to the affairs of the Company. The Directors are requested to disclose to the Company on a periodic basis the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved are also disclosed.

Potential Conflict of Interest

If a potential conflict of interest involving a substantial shareholder or a Director arises, the matter will be dealt with by a physical Board meeting instead of a written resolution. Directors who have a potential conflict of interest shall not be counted in the quorum of the meeting and must abstain from voting on the relevant resolutions. Directors with no conflict of interest will attend and vote at meetings dealing with such conflict issues.

The Board (continued)

Information and Continuous Professional Development

On appointment to the Board, each Director is given an induction on the Group's structure, businesses and governance practices to enhance his/her understanding of the Group's operations.

All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Management provides the Directors with a monthly financial summary of the Group giving a balanced and understandable assessment of the Group's performance, position and prospects. Apart from the said monthly financial summary, the Directors are provided with information and briefings on specific issues when necessary to facilitate the making of informed decisions.

The Board and each Director have separate and independent access to the Company's senior management. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, applicable laws, rules and regulations are followed.

The Directors are encouraged to participate in continuous professional development to enhance and refresh their knowledge and skills for discharging their duties and responsibilities.

All Directors are required to provide the Company with their training records on an annual basis. Ongoing training and professional development undertaken by the current Directors during the year are summarised as follows:

Directors	Types of Professional Development
William FUNG Kwok Lun	A, B
Terence FUNG Yue Ming	A, B
Richard YEUNG Lap Bun	A, B
Sabrina FUNG Wing Yee	A, B
Tiffany Daisy LEE Pei Ming	A, B
Anthony LO Kai Yiu	A, B
Sarah Mary LIAO Sau Tung	A, B
Terrence TSANG Diao-Long	A, B
Michael TANG Tsz Kin	A, B

A Attending training sessions arranged by the Company, or attending and/or giving speech at external seminars/training sessions.

B Reading regulatory and industry related updates, as well as materials which covered the Group's businesses, Directors' duties and so forth.

Liability Insurance for Directors

The Company has arranged appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage and the limit of indemnity are reviewed regularly.

Board Process

Roles and Responsibilities of the Board and Delegation to Management

The Board is responsible for setting the overall strategy of the Group and making decisions on major operational and financial matters as well as investments. The Board reserves for its decision or approval matters involving:

- Recommendations on Directors' appointment or re-appointment;
- Composition and terms of reference of Board committees;
- Major acquisitions and disposals;
- Appointment of Chief Executive Officer;
- Remuneration of Executive Director, Non-executive Directors and senior management;
- Annual budgets and monitoring performance against budget;
- Annual and interim reports;
- Major capital and borrowing transactions;
- Maintaining appropriate and effective risk management and internal control systems, reviewing their effectiveness and ensuring relevant statutory and regulatory compliance; and
- Other significant operational/financial matters and corporate governance issues.

Day-to-day operational responsibilities are delegated by the Board to management. The management, headed by the Chief Executive Officer, is responsible for the day-to-day management of the Group's businesses and affairs. Major responsibilities include:

- Preparation of annual and interim financial statements for Board approval before public reporting;
- Execution of business strategies and initiatives adopted by the Board;
- Monitoring of budgets;
- Implementation and monitoring of appropriate and effective risk management and internal control systems, review of relevant financial, operational, compliance and ESG (environmental, social and governance) controls; and
- Compliance with relevant statutory requirements, rules and regulations.

The Board and management fully appreciate their respective roles and responsibilities, and are supportive of the development of a healthy corporate governance culture.

Board Process (continued)

Independent Reporting of Corporate Compliance Function

The Board recognises the importance of independent reporting of the corporate compliance function. The Group Chief Compliance and Risk Management Officer is invited to attend all Board and committee meetings to advise on corporate governance matters covering risk management, internal controls and compliance issues relating to business operations, mergers and acquisitions, accounting and financial reporting, as well as on regulatory compliance matters.

Board and Committee Meetings

The Board held five meetings in 2025 (with an average attendance rate of 98%). The Chairman holds meetings annually with the Independent Non-executive Directors to provide an effective forum for the Chairman to listen to the views of the Independent Non-executive Directors on various matters including corporate governance, Board effectiveness, and other issues they may wish to raise in the absence of Executive Directors, Non-executive Directors and senior management of the Company.

The dates of the 2025 Board meetings and committee meetings were determined in the third quarter of 2024 to facilitate maximum attendance of Directors. Amendments to the schedule were notified to the Directors within a reasonable time before a regular Board meeting/committee meeting. Notice of meeting is sent at least 14 days before the meeting.

The Board meeting agenda is set by the Board Chairman in consultation with members of the Board, whilst committee meeting agenda is set by the respective committee chairman. Agenda and accompanying papers are sent to all Directors at least three days before the intended meeting so as to give the Directors sufficient time to prepare before the meeting. Draft minutes of meetings with sufficient details are circulated to all Board and committee members for comments and records respectively, within a reasonable time after each Board or committee meeting. The Board and each committee formally adopts the draft minutes at the subsequent meeting.

The adopted minutes, papers and related materials of the Board meetings and committee meetings are kept by the Company Secretary and are open for inspection by all Directors.

Board Process (continued)**Board and Committee Meetings** (continued)

A summary of the attendance at the meetings held in 2025 are set out in the following table:

	No. of meetings attended /held				
	Board	Audit Committee ⁽¹⁾	Remuneration Committee	Nomination Committee	Annual General Meeting ⁽¹⁾
Non-executive Directors:					
William FUNG Kwok Lun <i>(Group Chairman and Chairman of Nomination Committee)</i>	5/5	–	3/3	3/3	1/1
Richard YEUNG Lap Bun	5/5	–	–	–	1/1
Sabrina FUNG Wing Yee	5/5	–	–	–	1/1
Tiffany Daisy LEE Pei Ming	5/5	–	–	–	1/1
Independent Non-executive Directors:					
Anthony LO Kai Yiu <i>(Lead Independent Non-executive Director and Chairman of Audit Committee)</i>	5/5	4/4	–	3/3	1/1
Sarah Mary LIAO Sau Tung ⁽²⁾ <i>(Chairman of Remuneration Committee)</i>	4/5	3/4	3/3	2/3	1/1
Terrence TSANG Diao-Long	5/5	4/4	3/3	3/3	1/1
Executive Directors:					
Terence FUNG Yue Ming <i>(Group Vice Chairman)</i>	5/5	–	–	3/3	1/1
Michael TANG Tsz Kin <i>(Chief Executive Officer)</i>	5/5	–	–	–	1/1
Average Attendance Rate of Directors	98%	92%	100%	93%	100%
Dates of Meeting in 2025	23 January 20 March 15 May 14 August 19 November	20 March 15 May 14 August 19 November	20 March 15 May 14 August	20 March 15 May 19 November	15 May

Notes:

- (1) *Representatives of the external auditor and Corporate Governance Division attended all Audit Committee meetings and the Annual General Meeting.*
- (2) *Did not attend a Board meeting, an Audit Committee meeting and a Nomination Committee meeting due to health condition. The Company Secretary subsequently updated on the matters discussed at the meetings and provided with the minutes of the meetings.*

Board Committees

The Board has established the following committees with its own defined terms of reference (available on the website of the Company), which are in line with the Corporate Governance Code:

- Audit Committee
- Remuneration Committee
- Nomination Committee

All the committees comprise a majority of Independent Non-executive Directors to ensure independent views and input are available to the Board. Each of the Audit Committee and Remuneration Committee is chaired by an Independent Non-executive Director, and the Nomination Committee is chaired by the Non-executive Chairman. Such committees are provided with sufficient resources to discharge their duties and have access to independent professional advice if considered necessary at the Company's expense.

Audit Committee

<i>Chairman</i>	Anthony LO Kai Yiu *
<i>Members</i>	Sarah Mary LIAO Sau Tung *
	Terrence TSANG Diao-Long *

* *Independent Non-executive Director*

The Audit Committee is primary responsible for reviewing the Group's financial reporting, risk management, internal controls and corporate governance matters, and making relevant recommendations to the Board. The committee includes members who possess appropriate professional qualifications, accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Board Committees (continued)

Audit Committee (continued)

The Audit Committee met four times in 2025 (with an average attendance rate of 92%) to consider and review with senior management, the Company's internal auditor under the Corporate Governance Division ("CGD") and external auditor, various matters as set out in the Audit Committee's terms of reference, which included the following:

- The Group's accounting policies and practices, compliance with the Listing Rules and statutory requirements, connected transactions, risk management and internal control systems, policies and practices on corporate governance, treasury and financial reporting matters (including the annual and interim financial statements before recommending to the Board for approval);
- Quarterly business and financial performance of the Group including the Group's cash flow positions;
- Independence of external auditor, their related terms of engagement and fees;
- Adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions, as well as ESG performance and reporting; and
- Audit plans, findings and reports of external auditor and CGD, as well as their effectiveness.

The Audit Committee has authority to investigate any activity within its terms of reference and has full access to and the cooperation of management. It has direct access to CGD and the external auditor, and full discretion to invite any management to attend its meetings.

Whistleblowing Arrangements

Under the Group's Whistleblowing Policy, employees can report any concern, including actual or potential misconduct, possible impropriety or fraud in financial reporting, accounting, risk management and internal control matters, to either senior management or the Group Chief Compliance and Risk Management Officer. Any shareholders or stakeholders, including customers and suppliers, can also report similar concerns by writing in confidence and anonymity to the Group Chief Compliance and Risk Management Officer at the Company's principal place of business in Hong Kong.

No incident of fraud or misconduct that has material effect on the Company's financial statements and overall operations was reported by employees, shareholders or stakeholders in 2025.

Board Committees (continued)

Audit Committee (continued)

External Auditor's Independence

In order to enhance independent reporting by the external auditor, PricewaterhouseCoopers ("PwC"), the Company's external auditor, were invited to attend all the meetings of the Audit Committee. During the year, two separate sessions were held between the committee members and PwC to discuss audit and related issues of the Group.

The external audit engagement partner of PwC is subject to periodical rotation. A policy restricting the employment of employees or former employees of the external auditor at senior executive or financial positions within the Group has been put in place.

A policy on the provision of non-audit services by the external auditor has been established which includes prohibition of specified non-audit services to be performed by the external auditor. Other non-audit services, with fees above a threshold and are considered not to affect the independence of the external auditor, require prior approval of the Audit Committee.

For the year ended 31 December 2025, the following fees paid or payable to PwC have been endorsed by the Audit Committee:

	Fees HK\$'000
Audit services	1,474
Non-audit services (including agreed-upon procedures regarding interim financial information and tax services)	447
Total	1,921

Prior to the commencement of the audit of the Company's financial statements for the year ended 31 December 2025, the Audit Committee received written confirmation from PwC as to their independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Audit Committee is satisfied with the review of audit fees and scope, effectiveness of the audit process, independence and objectivity of PwC, and has recommended to the Board the re-appointment of PwC as the Company's external auditor for the financial year ending 31 December 2026 at the forthcoming AGM.

Board Committees (continued)**Remuneration Committee**

<i>Chairman</i>	Sarah Mary LIAO Sau Tung *
<i>Members</i>	William FUNG Kwok Lun + Terrence TSANG Diao-Long *

* *Independent Non-executive Director*

+ *Non-executive Director*

The Remuneration Committee is primarily responsible for:

- Making recommendations to the Board on the Company's policy and structure regarding remuneration for all Directors and senior management, including allocation of share options to employees under the Company's Share Option Scheme;
- Making recommendations to the Board on the remuneration packages of Executive Directors and senior management;
- Making recommendations to the Board on the remuneration of Non-executive Directors; and
- Reviewing the Group's remuneration and human resources policy.

The Remuneration Committee met three times in 2025 (with an attendance rate of 100%) to review the proposal for the grant of share options and the remuneration packages for the Executive Vice Chairman and senior management.

In respect of the share options granted on 28 March 2025 under the 2020 Share Option Scheme, no separate performance target or clawback mechanism is attached to the grant. The Remuneration Committee considered the grant appropriate after reviewing the grantees' overall performance and contributions during the preceding financial year, the purpose of the Share Option Scheme, and the safeguards already embedded in the scheme rules. The Committee is satisfied that the time-based vesting conditions, together with the scheme's lapse and cancellation provisions in various scenarios, could adequately safeguard the Company's and shareholders' interests.

Having taken these factors into account, the Remuneration Committee concluded that imposing additional performance conditions or a separate clawback mechanism would not further enhance alignment and is therefore not embedded for this grant.

Remuneration Policy for Executive Directors

Remuneration for Executive Directors include fees, basic salary, and where applicable, bonus based on performance and share options which are designed to align Directors' interest with maximising the Company's long-term shareholder value. Executive Directors are not allowed to approve their own remuneration.

The remuneration package of Executive Directors were approved by the Remuneration Committee.

Board Committees (continued)

Remuneration Committee (continued)

Remuneration Policy for Non-executive Directors

Remuneration for Non-executive Directors comprises Directors' fees which are determined by the Board and approved by the shareholders from time to time with reference to the level of fees paid by other companies listed on the Stock Exchange with similar business nature and market capitalisation, time and effort spent in discharging duties and level of complexity of work involved. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties, including attendance at Company meetings.

Remuneration of Senior Management

The remuneration of the senior management is subject to review and approval of the Remuneration Committee. Results-based bonuses and share options are granted as a means to reward and retain a high-calibre team.

Details of Directors' emoluments of the Company are set out in note 14a to the consolidated financial statements on pages 106 to 107.

Nomination Committee

<i>Chairman</i>	William FUNG Kwok Lun +
<i>Members</i>	Anthony LO Kai Yiu *
	Sarah Mary LIAO Sau Tung *
	Terence FUNG Yue Ming #
	Terrence TSANG Diao-Long *

+ *Non-executive Director*

* *Independent Non-executive Director*

Executive Director

The Nomination Committee is primarily responsible for:

- Reviewing the structure, size and composition (including diversity) of the Board;
- Assessing the independence of Independent Non-executive Directors;
- Making recommendations to the Board on the appointment or re-appointment of Directors; and
- Reviewing and monitoring the training and continuous professional development of Directors and senior management.

The Nomination Committee met three times in 2025 (with an average attendance rate of 93%) to review the aforementioned matters, the implementation and effectiveness of the Board Diversity Policy, the evaluation of the performance of the Board and its committees, the proposed appointments of the Executive Vice Chairman and the Lead Independent Non-executive Director, and discuss the annual assessment process and Board Skills Matrix.

Company Secretary

Mr CHAN Chor Fai has resigned as the Company Secretary with effect from 15 August 2025. Ms CHU Wai Ling has been appointed as the Company Secretary of the Company to fill the vacancy from the resignation of Mr Chan with effect from 15 August 2025.

Ms Chu joined the Group as a company secretarial manager since 2015. She has over 20 years of experience in the corporate secretarial field and has been providing corporate secretarial services to Hong Kong listed companies as well as private and offshore companies. She reports to the Group Chairman on company secretarial duties and Board governance matters. She is also responsible for ensuring that Board policies and procedures are followed. All Board members have access to her advice and services. Besides, she arranges tailored induction programme for newly appointed directors and provides updates to the Directors on relevant new legislation or regulatory requirements from time to time. Directors' trainings have been organised on a regular basis to assist Directors' continuous professional development.

Ms Chu confirmed that she has complied with all the required qualifications, experience and training requirements of the Listing Rules.

Directors' and Relevant Employees' Securities Transactions

The Group has adopted a Code for Securities Transactions by Directors and Relevant Employees (the "Securities Code") governing Directors' securities transactions on terms no less exacting than those of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Securities Code.

A copy of the Securities Code will be sent to each Director and relevant employee twice annually, with a reminder that he/she is prohibited from dealing in the securities of the Company during the blackout periods before publication of the Group's interim and annual results, and that all his/her dealings should be conducted in accordance with the Securities Code.

Specific confirmation of compliance has been obtained from each Director and relevant employee. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2025.

Directors' Interests

Details of Directors' interests in the shares and underlying shares of the Company and its associated corporations are set out in the Directors' Report on pages 57 to 58.

Directors' and Auditor's Responsibilities for Financial Statements

The Directors' responsibilities for the financial statements and the responsibilities of the external auditor to the shareholders are set out on pages 61 and 65 to 67 respectively.

Risk Management and Internal Control

In a dynamic business environment, it is crucial for the Group to identify, assess and manage external and internal risks in a timely and systematic manner. Effective risk management is important to the Group's achievement of its strategic objectives.

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness and adequacy with the assistance of the Audit Committee. The risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Audit Committee reports to the Board on any material issues and makes relevant recommendations.

The Board has delegated to management the design, implementation and ongoing monitoring of the risk management and internal control systems. Qualified personnel throughout the Group maintain and monitor these systems on an ongoing basis.

The main features of the Group's risk management and internal control framework are set out as follows:

Control Environment

The Group operates within an established control environment, which is consistent with the principles outlined in "Internal Control and Risk Management – A Basic Framework" issued by HKICPA. The scope of internal controls for the Group relates to three major areas: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Risk Management and Internal Control (continued)**Governance Structure**

The Group maintains a tailored governance structure with defined lines of responsibility and appropriate delegation of authority. Risk identification, assessment, reporting and mitigation are performed across the business.

There are three layers of roles and responsibilities for managing risks and internal controls:

Role	Accountability	Responsibilities
Oversight	Board as a whole, reviews are conducted through Audit Committee	<ul style="list-style-type: none"> • Oversight of corporate governance, financial reporting, risk management and internal control systems • Fostering a healthy risk awareness culture
Risk monitoring and communication	Corporate Governance Division and Company Secretarial Division	<ul style="list-style-type: none"> • Conducting internal audits and evaluation of risk management and internal control systems to identify areas for improvement • Monitoring of corporate governance disclosure and compliance with the Listing Rules and statutory requirements • Undertaking of investigations • Ensuring that critical risks are reported to the Board, along with the status of actions taken to manage such risks
Risk and control owner	Management and business units	<ul style="list-style-type: none"> • Day-to-day execution and monitoring of internal controls and risk management procedures • Formulation and implementation of policies and operating guidelines • Balance between business operation efficiency and exercising internal controls

Risk Management and Internal Control (continued)

Management of Key Risks

The Group's risk management process is embedded in its strategy formulation, business planning, investment decisions, internal controls and day-to-day operations.

The following are considered key risks faced by the Group and are managed as such:

1. Operational Risk Management

Corporate policies and procedures covering key risks and control standards have been established and implemented. Such policies and procedures are reviewed regularly to ensure their effectiveness. Control procedures are put in place in connection with the approval of the Group's major business transactions and investments, and the monitoring of daily operations of the Group's businesses.

Contingency and business continuity plans are also examined periodically to evaluate their effectiveness.

2. Financial Risk Management

The Board approves the Group's Three-Year Business Plan and annual budgets, reviews the Group's operating and financial performance and key performance indicators against the budgets on a quarterly basis. Management closely monitors financial performance of the Group on a monthly basis.

The Group adopts a principle of minimising financial risks. Details of the Group's financial risk management (encompassing foreign exchange risk, credit risk, liquidity risk and interest rate risk) are set out in note 3 to the consolidated financial statements on pages 90 to 94.

3. Reputational Risk Management

The reputation of the Group is built on its long-established standards of ethics in conducting business. Guidelines of the Group's business ethical practices such as anti-bribery and anti-corruption practices as endorsed by the Board are set out in the Code of Conduct and Business Ethics (available on the website of the Company). The code covers a range of topics, including avoiding conflicts of interest, anti-bribery and anti-corruption practices, competition law compliance, data protection, protection of copyright and so forth.

All Directors, officers and employees are expected to comply with the aforesaid code at all times. The code is posted on the Company's intranet for ease of reference and as a constant reminder to all employees.

The Group places great emphasis on employees' ethical standards and integrity in all aspects of its operations. The Group takes a zero-tolerance approach to bribery and is committed to complying with all applicable anti-bribery laws. Any ethical concerns raised under the Whistleblowing Policy will be investigated independently.

In 2025, no incident of non-compliance with the Code of Conduct and Business Ethics that had significant impact on the Group's operations was reported.

Risk Management and Internal Control (continued)

Management of Key Risks (continued)

4. Regulatory Compliance Risk Management

The CGD and in conjunction with the Company Secretarial Division and/or external advisors, regularly reviews adherence to relevant laws and regulations, compliance with the Listing Rules, public disclosure requirements and the Group's standards of compliance practices.

Internal Audit

The internal audit function is carried out by CGD and is under the supervision of the Group Chief Compliance and Risk Management Officer. Its mission, authority, scope of work and other matters are formalised under the Internal Audit Charter approved by the Audit Committee.

CGD staff independently review the Group's risk management and internal control systems, and evaluate their effectiveness, adequacy and compliance. In addition, CGD regularly visit the Group's offices, factories and selected stores in Hong Kong, Macau and Mainland China to help embedding the compliance culture in the Group's business practices by performing on-site reviews.

The Audit Committee approved CGD's Three-Year Internal Audit Plan which is based on a risk assessment methodology and covers the Group's major operations. The scope of the internal audit review covers material financial, operational and compliance controls, as well as risk management policies and procedures. A summary of the key recommendations is presented at the Audit Committee meetings. The implementation of all agreed recommendations is being followed up on a quarterly basis and the progress of implementation is reported to the Audit Committee at each committee meeting.

As part of the annual review of the effectiveness of the Group's risk management and internal control systems, CGD independently reviews the Risk Management and Internal Control Self-Assessment Checklist completed by the management in each material business unit across the Group, and assesses the effectiveness and adequacy of the risk management procedures and internal controls implemented. CGD's review also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function, as well as ESG performance and reporting. The outcome of the review is reported to the Audit Committee when it meets to consider the Group's annual results for the year ended 31 December 2025.

External Audit

The external auditor, PwC, performs independent statutory audit on the Group's financial statements. To facilitate the audit, the external auditor attended all the meetings of the Audit Committee. The external auditor also reports to the Audit Committee any significant weaknesses in the Group's internal control procedures which come to their notice during the course of the audit. PwC noted no significant internal control weaknesses in their audit for the financial year ended 31 December 2025.

Risk Management and Internal Control (continued)

Handling and Dissemination of Inside Information

The Company handles and disseminates inside information in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

With regard to the procedures and internal controls for the handling and dissemination of inside information, the Company:

- has adopted the Policy on Inside Information to ensure potential inside information is captured and confidentiality of such information is maintained until timely disclosure is made.
- has included in the Code of Conduct and Business Ethics a prohibition on dealing in the Company's securities whilst in possession of inside information.
- has established and implemented measures such as pre-clearance on dealing in the Company's securities by the Directors and relevant employees, notification of regular blackout periods and securities dealing restrictions to the Directors and relevant employees, as well as identification of projects by code names.
- has established and implemented procedures for responding to external enquiries about the Group's affairs.

Overall Assessment

The Audit Committee, with delegated authority from the Board and the assistance of CGD, conducted an annual review of the effectiveness and adequacy of the Group's risk management and internal control systems for the year ended 31 December 2025 which has been confirmed by senior management by the completion of the Risk Management and Internal Control Self-Assessment Checklist in each material business unit across the Group.

Based on the above and the assessment made by CGD, and also taking into account the results of the work conducted by the external auditor for the purpose of their audit, the Audit Committee considered that for the year ended 31 December 2025:

- The risk management and internal control systems, as well as accounting systems of the Group remained in place and were functioning effectively and adequately, and were designed to provide reasonable assurance that material assets were protected, business risks (including ESG risks) attributable to the Group were identified and monitored, material transactions were executed in accordance with the Group's policies under management's authorisation, and the financial statements were reliable for publication.
- There were ongoing processes for identifying, evaluating and managing the significant risks faced by the Group.
- The resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting, internal audit functions, as well as those relating to ESG performance and reporting were adequate.

Compliance with the Corporate Governance Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all of the code provisions set out in the Corporate Governance Code (the "CG Code") in part 2 of Appendix C1 of the Listing Rules throughout the year ended 31 December 2025.

The Company has applied the principles of the CG Code to its corporate governance structure and practices as described in this report. The Board has delegated its corporate governance functions to the Audit Committee, with its duties as set out in their terms of reference (available on the website of the Company).

Shareholders' Rights

Under the Company's Articles of Association, on the written requisition of shareholder(s) (including a recognised clearing house (or its nominee)) holding not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company, the Board shall convene an extraordinary general meeting for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of the requisition.

Any proposal to be tabled at the Company's general meetings for consideration can be put forward in writing to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The detailed procedures vary depending on whether the proposal constitutes an ordinary resolution or a special resolution or whether the proposal relates to the election of an individual other than a Director of the Company as a director.

The Company conducts all voting at general meetings by poll. Notice to shareholders will be sent in the case of AGM at least 21 clear days before the meeting and at least 14 clear days in the case of all other general meetings. Specific enquiries by shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong. Other general enquiries can be directed to the Company through the Company's website.

Dividend Policy

A Dividend Policy has been adopted by the Board in November 2018. Details of the policy are set out in the Directors' Report on page 50.

Investor Relations and Communication

A Shareholders Communication Policy has been adopted by the Board, with the objective of ensuring that the shareholders are provided with information about the Group to enable them to exercise their rights in an informed manner, and to engage actively with the Group. The Board reviewed the implementation and effectiveness of the Shareholders Communication Policy in 2025 as part of its annual Board performance evaluation. The Board considered the communication activities carried out with shareholders, together with the results of the Board performance evaluation, which included specific questions on the adequacy of communication with shareholders and other external stakeholders. Based on the above review, the Board is of the view that the Shareholders Communication Policy has been effectively implemented.

The Shareholders Communication Policy pursues promoting transparency in corporate communication and investor relations. Regular communication programmes include conducting analyst/investor briefings, participation in investor conferences, and ad hoc meetings with institutional shareholders and analysts.

The Company maintains a corporate website (www.cr-asia.com) as one of the channels to promote effective corporate communication with the investors and the general public. The website is used to disseminate company announcements, shareholder information and other relevant financial and non-financial information in an electronic format on a timely basis.

Key calendar events for shareholders' attention and share information, including market capitalisation as at 31 December 2025, are set out in the Information for Investors section on page 49.

Annual General Meeting

AGM provides an opportunity for communication between the Board and the shareholders of the Company. All shareholders have proper notice of the AGM at which Directors and chairmen or members of the committees are available to take shareholders' questions.

The most recent AGM of the Company was held at 1/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong on 15 May 2025 at 4:00 p.m. The notice of AGM, the Company's annual report and the circular containing information on the proposed resolutions were sent to shareholders at least 21 clear days prior to the meeting. Separate resolutions were proposed in respect of each substantially separate issue.

Members of the Audit Committee, Remuneration Committee and Nomination Committee were available to answer questions from shareholders. A representative of the external auditor (the engagement partner) also attended the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

At the AGM, all resolutions as set out in the notice were put to vote by way of poll by the shareholders. An explanation was provided of the detailed procedures for conducting a poll. The Company's Hong Kong branch share registrar, Tricor Investor Services Limited, was appointed as the scrutineer at the AGM for the purpose of vote-taking.

The results of the poll were published on the websites of both the Stock Exchange and the Company on the day of the AGM.

Directors and Senior Management Profile

Executive Directors

Terence FUNG Yue Ming – *Vice Chairman*

Mr Fung, aged 46, son of Dr William FUNG Kwok Lun (Chairman of the Board and substantial shareholder of the Company) and cousin of Ms Sabrina FUNG Wing Yee and Ms Tiffany Daisy LEE Pei Ming (Non-executive Directors of the Company). Mr Fung has been a Non-executive Director of the Company since 28 May 2021 and re-designated as an Executive Director of the Company and appointed as the Vice Chairman of the Board since 1 June 2025. He is an executive director of Fung Investment Management Limited and in charge of the Fung Group's corporate services including corporate communications, public relations, strategic engagement and general administration functions. Mr Fung joined Fung Group in 2004 and later held the post of executive vice-president of Corporate Services of Li & Fung (Trading) Limited until September 2017. Mr Fung attended Princeton University and Boston College in the United States.

Michael TANG Tsz Kin – *Chief Executive Officer*

Mr Tang, aged 45, has over 20 years of experience in strategic development, business management and corporate finance across Greater China, Southeast Asia and Australia and has been an Executive Director of the Company and the Chief Executive Officer of the Group since 1 June 2023. Mr Tang previously served as the Managing Director at Nature's Care Holdings Pty Ltd, a leading manufacturer in health food supplements and personal care products where he was responsible for the group's expansion strategy.

Formerly, he was the Managing Director at Tamar Alliance Capital Limited, an asset management company under CITIC Pacific Limited where he was responsible for principal investments and portfolio management. Prior to that, he was at Dah Chong Hong Holdings Limited ("DCH") responsible for mergers and acquisitions and operational improvement. Before DCH, he was with BlackPine Zheng He Capital Management Limited, and was responsible for inbound & outbound investments in the consumer sector. Mr Tang held various positions at PricewaterhouseCoopers Corporate Finance Limited in Hong Kong and Deloitte in Toronto, Canada. He is a qualified Chartered Accountant and Chartered Professional Accountant in Canada. Mr Tang holds a Bachelor of Administrative Commercial Studies in Finance and Accounting from the University of Western Ontario, Canada. Mr Tang is a member of the executive committee of The Hong Kong Retail Management Association.

Non-executive Directors

William FUNG Kwok Lun – *Chairman*

Dr Fung, aged 77, father of Mr Terence FUNG Yue Ming (Vice Chairman of the Board and Executive Director of the Company) and uncle of Ms Sabrina FUNG Wing Yee and Ms Tiffany Daisy LEE Pei Ming (Non-executive Directors of the Company), has been a Non-executive Director of the Company since 3 January 2001 and Chairman of the Board since 26 May 2021. Dr Fung is Group Deputy Chairman of the Fung Group, a Hong Kong based multinational engaged in trading, logistics, distribution and retailing. He is also a director of the substantial shareholders of the Company, King Lun Holdings Limited, Fung Holdings (1937) Limited and Fung Retailing Limited. Dr Fung held key positions at major trade and business organisations. He is the past Chairman of the Hong Kong Exporters' Association (1989-1991), the Hong Kong Committee for the Pacific Economic Cooperation (1993-2002) and the Hong Kong General Chamber of Commerce (1994-1996). He was a Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998-2003). He has been awarded the Silver Bauhinia Star by the Hong Kong Government in 2008. Dr Fung graduated from Princeton University with a Bachelor of Science degree in Engineering and holds a Master's degree in Business Administration from the Harvard Graduate School of Business. He was awarded the degrees of Doctor of Business Administration, *honoris causa* by The Hong Kong University of Science and Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University, and degree of Doctor of Letters, *honoris causa* by Wawasan Open University of Malaysia. Currently, Dr Fung is an independent non-executive director of VTech Holdings Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, he was Group Non-executive Chairman of Li & Fung Limited until October 2020.

Richard YEUNG Lap Bun

Mr Yeung, aged 69, prior to re-designation as Non-executive Director of the Company on 1 June 2023, was the Chief Executive Officer of the Group and Executive Director of the Company since 1 November 2000. He has over 30 years of experience in general management, food distribution and supply chain management. Prior to joining the Group in October 1998, he spent about ten years in senior positions at HAVI Food Services Group, managing the supply chain of McDonald's Restaurants in various countries in Asia. Mr Yeung graduated from the University of Hawaii with a Bachelor of Business Administration degree. Mr Yeung also holds a Master's degree in Business Administration from the California State University of Los Angeles and is a Certified Public Accountant of the American Institute of Certified Public Accountants. He is also a director of Fung Retailing Limited, a substantial shareholder of the Company.

Non-executive Directors (continued)

Sabrina FUNG Wing Yee

Ms Fung, aged 54, niece of Dr William FUNG Kwok Lun (Chairman of the Board and substantial shareholder of the Company) and cousin of Mr Terence FUNG Yue Ming (Vice Chairman of the Board and Executive Director of the Company) and Ms Tiffany Daisy LEE Pei Ming (Non-executive Director of the Company), has been a Non-executive Director of the Company since 28 May 2021. Ms Fung is the Group Managing Director of Fung Retailing Limited, a substantial shareholder of the Company. Ms Fung is also the Chief Executive Officer of Asia Retail Company Limited, a business unit within the Fung Group focusing on supporting and growing international brands in Asia. She also serves as the Chair of Wellness Med Limited, a company under the Fung Group that serves the growing global health and wellness market. Currently, Ms Fung is an independent non-executive director of Chow Tai Fook Jewellery Group Limited and China Eastern Airlines Corporation Limited.

Ms Fung is also the Investment Director of Fung Investment Management Limited. She started working at the private investment arm of the Fung Group as investment manager running the family's investments. Prior to joining the Fung Group, Ms Fung worked for Brown Brothers Harriman & Co in New York and Hong Kong. Ms Fung is experienced in the retail industry and held positions in marketing and public relations for Salvatore Ferragamo Asia, as well as in merchandising, sourcing, and branding for Li & Fung group in Hong Kong and the USA. She was named in the Business of Fashion 500, and Women's Wear Daily 10 of Tomorrow.

In Hong Kong, Ms Fung is a member of the Major Sports Events Committee of HKSAR, on the board of Alibaba Hong Kong Entrepreneurs Fund, the Advisor on Retailing and Fashion for NBA Greater China, and a member of the International Advisory Council of the University of Hong Kong Business School, an honorary member of the Advisory Committee of the Roger King Center for Asian Family Business and Family Office at Hong Kong University of Science and Technology Business School, a member of the Advisory Committee of the Hong Kong-Europe Business Council and the Hong Kong-France Business Council of Hong Kong Trade Development Council, and a Governor of the China-United States Exchange Foundation. Internationally, Ms Fung is a member of McLaren Advisory Group, Harvard Global Advisory Council, Harvard Kennedy School Dean's Council, and the Board of Trustees of The Carnegie Hall Corporation in New York.

Ms Fung graduated from Harvard University, with a Bachelor of Arts degree in Economics. She attended Harvard Business School's Program for Global Leadership and its Business of Entertainment, Media, and Sports program afterwards.

Tiffany Daisy LEE Pei Ming

Ms Lee, aged 45, niece of Dr William FUNG Kwok Lun (Chairman of the Board and substantial shareholder of the Company) and cousin of Ms Sabrina FUNG Wing Yee (Non-executive Director of the Company) and Mr Terence FUNG Yue Ming (Vice Chairman of the Board and Executive Director of the Company), has over 20 years of experience in retail, food and beverage, and consumer products industries. Ms Lee previously served as Managing Director of Wellcome Hong Kong and Macau. She also held various leadership roles at Café de Coral, Starbucks Coffee Asia Pacific, McDonald's Restaurants (Hong Kong), and Saint Honore Cake Shop. Prior to that, Ms Lee was a financial analyst at Credit Suisse Securities and a management consultant at McKinsey & Company. She holds a Master's degree in Business Administration from Harvard Business School and a Bachelor of Arts degree from Harvard College.

Independent Non-executive Directors

Anthony LO Kai Yiu – *Lead Independent Non-executive Director*

Mr Lo, aged 77, has been an Independent Non-executive Director of the Company since 3 August 2005 and has been designated as Lead Independent Non-executive Director of the Company on 1 December 2025. Mr Lo is Chairman of Shanghai Century Capital Limited and has over 40 years of experience in accounting, banking, finance and investments. Mr Lo also serves as an independent non-executive director of Hong Kong listed Playmates Holdings Limited and Tristate Holdings Limited. He was an independent non-executive director of Malaysia and Singapore listed Top Glove Corporation Bhd. until October 2022. Mr Lo is former Chairman and Co-Chief Executive Officer of Shanghai Century Acquisition Corporation (a company formerly listed on the American Stock Exchange). He retired as independent non-executive director of Mecox Lane Limited, a company listed on NASDAQ, Hong Kong listed IDT International Limited, The Taiwan Fund, Inc., a company listed on the New York Stock Exchange, and Hong Kong listed Lam Soon (Hong Kong) Limited, in June 2014, August 2015, April 2018 and November 2024, respectively. Mr Lo is qualified as a Chartered Accountant with the Canadian Institute of Chartered Accountants and is a member of the Hong Kong Institute of Certified Public Accountants.

Sarah Mary LIAO Sau Tung

Dr Liao, aged 74, has been a prominent scientist well-known for her contributions to the improvement of environmental conditions in all aspects of life, both locally and worldwide. She was appointed as an Independent Non-executive Director of the Company effective from 1 April 2014. At the time of her appointment, Dr Liao was serving as the Senior Advisor to the Vice-Chancellor on Sustainability at The University of Hong Kong, a role she held 2008 to 2014. She retired as the Master of New College of The University of Hong Kong in November 2018.

Dr Liao's extensive experience includes serving as a member of the China Council for International Cooperation on Environment and Development (2009-2016), a member of the Board of Trustees of the Environmental Defense Fund (2009-2017), and currently being part of their China Advisory Board. She was formerly the Secretary for the Environment, Transport, and Works of the Hong Kong Government from 2002 to 2007. In the earlier part of her career, Dr Liao founded an environmental consulting company, provided diversified professional services to governmental and private projects locally and internationally. Most notably, Dr Liao was appointed the environmental expert and presenter of the 2008 Beijing Olympic Bid and Organising Committee.

Her board experience includes being a director of Westport Innovations Inc. from July 2008 to April 2012. Dr Liao is a Fellow of the Royal Society of Chemistry and the Hong Kong Institute of Engineers. Her contribution to corporate responsibility for ESG was recognised by numerous honours, including being awarded the Member of the British Empire (MBE), Justice of Peace, and the Gold Bauhinia Star by the Hong Kong Government. Additionally, Dr Liao played a pivotal role in the Lai Chi Wo Rural Landscape project, which received the inaugural "Special Recognition for Sustainable Development" in the 2020 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation.

Independent Non-executive Directors (continued)

Terrence TSANG Diao-Long

Mr Tsang, aged 50, has been an Independent Non-executive Director of the Company since 26 May 2022. He has over 25 years of experience in the hospitality and food and beverage industry. Mr Tsang is the Founder and Managing Partner of Quality Quotient Solutions Limited, a hospitality consulting company based in Hong Kong. Previously, Mr Tsang served as Director of Project Analysis and Corporate Director of Food and Beverage of Langham Hospitality Group. Prior to that, Mr Tsang spent 12 years with the Four Seasons Hotel in Hong Kong and New York and also 2 years with the St. Regis Hotel in New York. Mr Tsang holds a Master of Business Administration, Executive Program from the J.L. Kellogg Graduate School of Management, Northwestern University in the United States and The Hong Kong University of Science and Technology. He also holds a Bachelor's degree in Hospitality Management from the University of New Hampshire in the United States.

Group Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Mr Yeung, aged 71, was appointed as the Group Chief Compliance and Risk Management Officer of the Company in July 2015. He is also the Group Chief Compliance and Risk Management Officer of the Fung Group. He has extensive experience in handling legal, compliance and regulatory matters, and worked previously in both the public and private sectors practising corporate, commercial and securities law. Prior to joining the Fung Group, he was Deputy Chief Executive (Personal Banking) of Bank of China (Hong Kong) Limited with responsibility for the overall performance of the personal banking businesses of Bank of China (Hong Kong) Limited. Mr Yeung graduated from The University of Hong Kong with a Bachelor's degree in Social Sciences. He also graduated from The College of Law, United Kingdom and holds a Bachelor's degree in Law, and a Master's degree in Business Administration from The University of Western Ontario, Canada.

Senior Management

Jason YEUNG Hoi To – *Managing Director*

Mr Yeung, aged 55, has over 30 years of experience in food and bakery industry. He is currently responsible for overseeing the manufacturing and B2B business development of the Group's bakery business. Prior to joining the Group in 2013, Mr Yeung held management positions at various food related companies including Délifrance (HK) Limited, ARTAL Food Industries Limited and Wal-Mart (China) Investment Co., Ltd. responsible for production management, quality control, new product development and national sourcing. Mr Yeung holds Master's degree in Business Administration from both Jiangxi University of Finance and Economics and The University of Ballarat, Australia (currently known as Federation University Australia). He also holds Certificate of Baking Science and Technology from The Institute for Crop and Food Research in New Zealand and International Diploma in German Bread Baking from The German National Bakers Academy in Weinheim, Germany.

Directors and Senior Management Profile

Senior Management (continued)

CHAN Nga Lai – *Finance Director*

Ms Chan, aged 44, has been the Finance Director of the Group since 2025, is responsible for overseeing the Group's financial and accounting functions, including strategic planning, corporate finance and developments, financial planning and analysis, financial reporting, risk and compliance, investor relations and corporate branding. Ms Chan has over 20 years of experience in financial and management accounting, internal control and compliance, and system and process transformations. Prior to joining the Group, she was the Corporate Finance and Development Director of a leading Hong Kong based bakery manufacturing group with experience spanning Hong Kong and China, held senior finance positions at several multinational corporations in the manufacturing and fast-moving consumer goods industries in Hong Kong, China, and the Asia-Pacific region. Ms Chan holds a Master of Business Administration degree from the University of Chichester, UK and a Bachelor of Art (Honours) degree in Accounting from Edinburgh Napier University, UK. She completed a Leadership and Management program at ESSEC Business School, France. She is a Fellow member of the Chartered Institute of Management Accountants and a member of CPA Australia.

Information for Investors

Listing Information

Listing Hong Kong Stock Exchange
Stock code 00831

Key Dates

19 March 2026 Announcement of 2025 Final Results
8 May 2026 Record date for right to attend
Annual General Meeting
14 May 2026 Annual General Meeting

Share Information

Board lot size 2,000 shares
Shares outstanding as at 31 December 2025 777,416,974 shares
Market capitalisation as at 31 December 2025 HK\$252,661,000
Earnings per share for 2025
Interim 1.9 HK cents
Full year 4.3 HK cents
Dividend per share for 2025
Interim 1 HK cent
Final 3 HK cents
Full year 4 HK cents

Share Registrar and Transfer Offices

Principal:

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Hong Kong Branch:

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

Enquiries Contact

CHAN Nga Lai
Finance Director
Telephone 2991 6800
Fax 2991 6808
E-mail investor@cr-asia.com

Convenience Retail Asia Limited
15th Floor, LiFung Centre
2 On Ping Street
Siu Lek Yuen, Shatin
New Territories
Hong Kong

Website

www.cr-asia.com

Directors' Report

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2025.

Principal Activities, Business Review and Analysis of Operations

The principal activity of the Company is investment holding. During the year, the subsidiaries are principally engaged in the operation of (i) a chain of bakeries under the brand name of Saint Honore in Hong Kong, Macau and Mainland China; (ii) a chain of premium pâtisserie under the brand name of Mon cher in Hong Kong – one of Japan's most popular pâtisserie and cake brands; (iii) a chain of fast-fashion eyewear stores under the brand name of Zoff in Hong Kong and Singapore; and (iv) a wholesale business providing bakery and festive products to corporate customers in Hong Kong, Macau and Mainland China. Further review and analysis of these business activities, including the risks and uncertainties facing the Group and likely future developments in the Group's businesses, are set out in the Chairman's Statement, CEO's Statement and Management Discussion and Analysis sections on pages 5 to 6, pages 7 to 13 and pages 14 to 19 of this Annual Report respectively. These review and analysis form part of this Report.

An analysis of the Group's performance for the year by operating segments is set out in note 5 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 68.

The Board of Directors had declared an interim dividend of 1 HK cent per share, totaling HK\$7,774,000, which was paid on 11 September 2025.

The Board of Directors recommended the payment of a final dividend of 3 HK cents per share, totaling HK\$23,323,000.

It is a policy of the Company that, on an annual basis, the Company will distribute, as normal dividend, not less than 50% of the Group's net profit to the shareholders. The actual distribution percentage will be considered and determined by the Board based on the operating results, cash flow, financial position, business prospects, statutory and regulatory restrictions relating to dividend distributions and other factors the Board considers appropriate.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 29 and note 35 to the consolidated financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to HK\$24,000.

Fixed Assets

Details of the movements in fixed assets of the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital and Shares Issued

Details of the movements in share capital of the Company together with the shares issued during the year are set out in note 28 to the consolidated financial statements.

Distributable Reserves

Distributable reserves of the Company at 31 December 2025 calculated under the Companies Law of the Cayman Islands amounted to HK\$266,106,000 (2024: HK\$283,224,000).

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2025 are set out in note 36 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on inside back cover page.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

Share Options

On 29 April 2020, the 2020 Share Option Scheme (the "Scheme") was approved and adopted by the shareholders at the annual general meeting of the Company for the purpose of providing incentives and/or rewards to eligible persons as defined in the scheme.

A summary of the major terms of the Scheme are as follows:

(i) Purpose of the Scheme

The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Company's businesses, to provide additional incentives or rewards to selected qualifying participants of the Scheme for their contribution to the creation of the Company's shareholders value and to promote the long term financial success of the Group by aligning the interest of grantees to the shareholders of the Company.

(ii) Qualifying participants

Any employee or officer (whether full time or part time employee including any executive or non-executive Directors of the Company or any Affiliate (the "Affiliate") as defined in the Scheme) or any consultant, agent, advisor, business alliance, joint venture partner or supplier of goods or services to the Group or any Affiliate or any employee of the business alliance, joint venture partner or supplier of goods or services to the Group or any Affiliate.

(iii) Maximum number of shares

The total number of shares which may be issued upon exercise of all options granted/to be granted under the Scheme must not exceed 10% of the shares in issue as at the date of approval of the share option scheme.

The total number of shares available for issue under the Scheme is 37,673,897, representing approximately 4.85% of the issued shares of the Company as at the date of this Report.

(iv) Limit for each participant

The total number of shares issued and to be issued upon exercise of the options (whether exercised or outstanding) in any 12-month period granted to each qualifying participant must not exceed 1% of the shares in issue, unless specially approved by the independent shareholders of the Company.

Share Options (continued)**(v) Option period**

In respect of any particular option, such period as the Board may in its absolute discretion determine, save that such period shall not exceed ten years from the commencement date (the "Commencement Date"). The Commencement Date is deemed to have taken effect from the date on which that option was offered to the qualifying participants.

(vi) Vesting period

The Scheme does not specify any holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised.

(vii) Amount payable on application or acceptance

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the Commencement Date. An offer of the grant of the option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the relevant option duly signed by the grantee together with a remittance in favour of the Company of HK\$1 by way of consideration of the grant thereof is received by the Company.

(viii) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but it shall not be less than whichever is the highest of (i) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Commencement Date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Commencement Date on which there were dealings in shares on the Stock Exchange; and (iii) the nominal value of a share.

(ix) The remaining life of the Scheme

The Board shall be entitled at any time within ten years commencing on 29 April 2020 to offer the grant of an option to any qualifying participants.

Share Options (continued)

Details of the movements of share options under the Scheme during the year ended 31 December 2025 are as follows:

Grantees	Number of share options			As at 31/12/2025	Exercise price HK\$	Grant date	Vesting period	Exercisable period
	As at 1/1/2025	Granted (Note 1)	Lapsed (Note 4)					
Director								
Michael TANG Tsz Kin	4,130,000	-	-	4,130,000	0.64	28/3/2024	28/3/2024- 31/3/2025	1/4/2025- 31/3/2028
	-	7,000,000	-	7,000,000	0.32	28/3/2025	28/3/2025- 31/3/2026	1/4/2026- 31/3/2029
Continuous contract employees	10,166,000	-	(1,134,000)	9,032,000	0.764	11/11/2021	11/11/2021- 31/3/2023	1/4/2023- 31/3/2026
	5,876,000	-	(758,000)	5,118,000	0.64	28/3/2024	28/3/2024- 31/3/2025	1/4/2025- 31/3/2028
	-	13,000,000	(800,000)	12,200,000	0.32	28/3/2025	28/3/2025- 31/3/2026	1/4/2026- 31/3/2029
	20,172,000	20,000,000	(2,692,000)	37,480,000				

Notes:

1. During the year, share options to subscribe for a total of 20,000,000 shares were granted on 28 March 2025. The closing price of the shares immediately before the date on which the share options were granted was HK\$0.315. There is no performance target attached to the share options.
2. The above options granted are recognised as expenses in the consolidated financial statements in accordance with the Company's accounting policy as set out in this Annual Report.
3. The value of the options granted during the year is HK\$594,000 based on the Black-Scholes Valuation model. The significant inputs into the model were share price of HK\$0.31 at the grant date, exercise price shown above, standard deviation of expected share price returns of 26.2%, expected life of options of three years, expected dividend paid out rate of 7.0% and annual risk-free interest rate of 3.1%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years. The Black-Scholes Valuation model is developed to estimate the fair value of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.
4. Share options to subscribe for 2,692,000 shares under the Scheme lapsed during the year following the cessation of employment of certain grantees.
5. No share options under the Scheme were exercised, cancelled or expired during the year.

The number of shares that may be issued in respect of share options granted under the Scheme during the year divided by the weighted average number of ordinary shares in issue of the Company for the year is approximately 4.82%.

Share Options (continued)

Number of share options available for grant under the Scheme as at 1 January 2025 and 31 December 2025 are as follows:

	31 December 2025	1 January 2025
Share options under the mandate limit	37,607,897	54,915,897

Save as disclosed above, as at 31 December 2025, none of the Directors, chief executives or substantial shareholders of the Company or their respective associates had been granted any other share options.

Directors

The Directors during the year and up to the date of this Report were:

Non-executive Directors

William FUNG Kwok Lun

Anthony LO Kai Yiu *

Sarah Mary LIAO Sau Tung *

Terrence TSANG Diao-Long *

Richard YEUNG Lap Bun

Sabrina FUNG Wing Yee

Tiffany Daisy LEE Pei Ming

Executive Directors

Terence FUNG Yue Ming

(re-designated as Executive Director on 1 June 2025)

Michael TANG Tsz Kin

* *Independent Non-executive Directors*

In accordance with Article 87 of the Company's Articles of Association, Dr Sarah Mary LIAO Sau Tung, Mr Terence FUNG Yue Ming and Ms Tiffany Daisy LEE Pei Ming will retire at the forthcoming annual general meeting. Mr Terence FUNG Yue Ming and Ms Tiffany Daisy LEE Pei Ming, being eligible, will offer themselves for re-election while Dr Sarah Mary LIAO Sau Tung has decided not to stand for re-election and will retire from the Board with effect from the conclusion of the forthcoming annual general meeting.

All Directors including the Non-executive Directors are required to retire from office by rotation and are subject to re-election by shareholders at annual general meeting at least once every three years pursuant to the Company's Articles of Association.

The Company has received from each Independent Non-executive Director an annual written confirmation of his/her independence. After assessment by the Nomination Committee, the Board is of the view that they meet the independence guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and considers that each Independent Non-executive Director is independent to the Company.

Directors' Service Contracts

Mr Terence FUNG Yue Ming has entered into a service contract with the Company with no specific term which may be terminated at any time.

Mr Michael TANG Tsz Kin has entered into a service contract with the Company with no specific term which may be terminated at any time by either party serving to the other a written notice in writing of not less than six months.

Save as disclosed, none of the Directors (including those who are proposed for re-election at the forthcoming annual general meeting) has any 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.

Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director or an entity connected with such Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year except as disclosed under "Connected Transactions" stated below and note 34 "Related Party Transactions" to the consolidated financial statements.

Permitted Indemnity Provisions

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2025. The Company has maintained liability insurance to provide appropriate cover for the Directors and directors of its subsidiaries.

Interests and Short Positions of Directors in Shares, Underlying Shares and Debentures

As at 31 December 2025, the Directors and chief executives of the Company and their associates had the following interests in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules and/or the Code for Securities Transactions by Directors and Relevant Employees adopted by the Company:

Long positions in shares and underlying shares of the Company

Name of Directors	Number of shares		Equity derivatives (share options)	Total interests	Approximate percentage of interests
	Personal interests	Corporate/ Trust interests			
William FUNG Kwok Lun	75,000,000 (Note 2)	311,792,000 (Note 1)	–	386,792,000	49.75%
Sabrina FUNG Wing Yee	–	311,792,000 (Note 1)	–	311,792,000	40.11%
Richard YEUNG Lap Bun	24,396,000	–	–	24,396,000	3.14%
Michael TANG Tsz Kin	–	–	11,130,000 (Note 3)	11,130,000	1.43%
Anthony LO Kai Yiu	2,276,000	–	–	2,276,000	0.29%

Interests and Short Positions of Directors in Shares, Underlying Shares and Debentures

(continued)

As at 31 December 2025, the interests of Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee in the shares of the Company are summarised in the following chart:



Notes:

- (1) King Lun Holdings Limited ("King Lun") through its indirect wholly-owned subsidiary, Fung Retailing Limited ("FRL") (a wholly-owned subsidiary of Fung Holdings (1937) Limited ("FH 1937")) held 311,792,000 shares in the Company. 50% of the issued share capital of King Lun is owned by HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King, the remaining 50% is owned by Dr William FUNG Kwok Lun. Ms Sabrina FUNG Wing Yee is the daughter of Dr Victor FUNG Kwok King. Therefore, Dr William FUNG Kwok Lun (by virtue of his interests in King Lun) and Ms Sabrina FUNG Wing Yee (as family member of Dr Victor FUNG Kwok King) are deemed to have interests in 311,792,000 shares of the Company.
- (2) Dr William FUNG Kwok Lun has personal interests of 75,000,000 shares in the Company.
- (3) These interests represented the interests in the share options (being regarded as unlisted physically settled equity derivatives) granted by the Company to the Director as beneficial owner, the details of which are set out in the section headed "Share Options" above.

Save as disclosed above, as at 31 December 2025, none of the Directors, chief executives of the Company and their associates had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations. Besides, at no time during the year, the Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or its associated corporations required to be disclosed pursuant to the SFO.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 31 December 2025, other than the interests of the Directors or chief executives of the Company as disclosed above, the following persons had notified the Company of their interests in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Interests in shares of the Company

Name of shareholders	Number of shares	Nature of interests/ Holding capacity	Approximate percentage of interests
HSBC Trustee (C.I.) Limited	311,792,000	Trustee (Note)	40.11%
King Lun Holdings Limited	311,792,000	Interest of controlled corporation (Note)	40.11%

Note:

These shares were held by FRL. King Lun indirectly owns 100% interests in FRL through its wholly-owned subsidiary, FH 1937. All of HSBC Trustee (C.I.) Limited, King Lun, FH 1937 and FRL are deemed to have interests in these shares pursuant to the SFO. Please refer to Note 1 in the above section headed "Interests and Short Positions of Directors in Shares, Underlying Shares and Debentures".

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any other interests or short positions in shares or underlying shares of the Company being held by any other shareholders as recorded in the register required to be kept under section 336 of the SFO.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Major Customers and Suppliers

The percentage of purchases for the year attributable to the Group's major suppliers is as follows:

– the largest supplier	7%
– five largest suppliers combined	22%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) had an interest in the five largest suppliers noted above.

During the year, the Group sold less than 30% of its goods and services to its five largest customers.

Connected Transactions

Connected Transaction

The Group entered into the following connected transaction in 2022.

On 23 September 2022, 廣州市聖安娜餅屋有限公司 (Saint Honore Cake Shop Guangzhou Limited), an indirect wholly-owned subsidiary of the Company, entered into a tenancy agreement with Circle K PRC Properties Limited, an indirect wholly-owned subsidiary of FH 1937, in respect of a property leasing for a term of three years from 1 October 2022 to 30 September 2025 (both days inclusive). Details were disclosed in the announcement of the Company dated 26 September 2022. In accordance with the requirement of HKFRS 16 "Leases", the total value of the right-of-use asset to be recognised by the Group in respect of the leasing of the properties under the tenancy agreement is RMB3,169,000.

FH 1937 is a controlling shareholder of the Company and FH 1937 and its subsidiary are connected persons of the Company. Accordingly, the transaction contemplated under the tenancy agreement constituted a one-off connected transaction for the Company, which is subject to the reporting and announcement requirements but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The pricing and the terms of the above transaction has been determined in accordance with the pricing policies and guidelines as set out in the announcement of the Company dated 26 September 2022. Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee are considered to have material interest in the abovementioned connected transaction by virtue of their deemed interests in FH 1937.

Continuing Connected Transactions

During the year, the Group had various transactions with related parties (details are set out in note 34 to the consolidated financial statements on pages 128 to 129), such as sales of products, reimbursement of office expense, service expense and income, leasing and insurance brokerage services between the Group and FH 1937, its subsidiaries and associates, also constituted continuing connected transactions of the Company which are fully exempted from the requirements under Rule 14A.98 of the Listing Rules.

Contracts with Controlling Shareholders

Save as disclosed under "Connected Transactions" above and note 34 "Related Party Transactions" to the consolidated financial statements, no other contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries were entered into or existed during the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of the financial statements for each financial period which gives a true and fair view of the financial position of the Group and of the financial performance and cash flows for that period. In preparing these financial statements for the year ended 31 December 2025, the Directors have selected suitable and relevant accounting policies and applied them consistently as stated in note 2 to the consolidated financial statements; made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

William FUNG Kwok Lun

Chairman

Hong Kong, 19 March 2026

Independent Auditor's Report



Independent Auditor's Report

To the Shareholders of Convenience Retail Asia Limited

(incorporated in Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Convenience Retail Asia Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 68 to 132, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

The key audit matter identified in our audit is related to the impairment assessment of goodwill and trademarks with indefinite lives.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of goodwill and trademarks with indefinite lives</p> <p><i>Refer to note 4b, 4c and note 19 to the consolidated financial statements.</i></p> <p>The Group carried goodwill and trademarks balances of HK\$247 million and HK\$110 million, respectively, as of 31 December 2025, which relate to the acquisition of the Saint Honore bakery business.</p> <p>The Group is required to, at least annually, perform impairment assessment of the goodwill and trademarks. Goodwill has been allocated to one of the Group's cash generating units ("CGUs") within the bakery segment for the purpose of performing impairment assessment. The recoverable amount of the underlying CGU is determined by fair value less cost to sell calculations which are based on future discounted cash flows. The recoverable amount of the trademarks is determined using the royalty relief valuation method which is based on the present value of the hypothetical royalty income from licensing out the trademarks.</p> <p>Based on management's assessment, which considered the sufficiency of headroom, they have concluded that no impairment charge in relation to goodwill or trademarks is required in the current financial year.</p> <p>We focused on this area as management's assessment involved significant estimates and judgements, including the revenue growth rate, gross margin, long-term growth rate, royalty rate and discount rates applied in the calculation.</p>	<p>We obtained the valuation models (fair value less cost to sell calculations and royalty relief valuation method) used by management for the impairment assessment of goodwill and trademarks.</p> <p>We obtained an understanding of the assessment process of impairment assessments of goodwill and trademarks and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We evaluated the methodologies and tested the accuracy of the underlying calculations using internal valuation experts to assist us.</p> <p>We evaluated management's future cash flow forecasts by comparing the historical actual results of management's past budgets to assess the quality of management's forecasting.</p> <p>We also evaluated the key assumptions used in the calculations, including revenue growth rates, gross margin, long-term growth rate, royalty rate and discount rates. When evaluating these key assumptions, we discussed with management and compared the assumptions used in the calculations to their future business plans. We also assessed the reasonableness of the assumptions based on external market data and economic growth forecasts from a number of sources.</p> <p>We assessed management's sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, would result in the goodwill and trademarks being impaired.</p> <p>We assessed the adequacy of the disclosures related to the impairment assessments of goodwill and trademarks in the context of HKFRS Accounting Standards disclosure requirements.</p> <p>Based on the audit procedure performed, we found the Group's judgements and assumptions used in the impairment assessments to be supported by available evidence.</p>

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and the Audit Committee 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

(continued)

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

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

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

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

(continued)

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

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 Ms. Tong Wing Yin. (practising certificate number: P07313).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 March 2026

Consolidated Profit and Loss Account

For the year ended 31 December 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Revenue	5	1,445,476	1,486,479
Cost of sales	6	(707,459)	(700,300)
Gross profit		738,017	786,179
Other income	5	7,748	8,105
Selling expenses	6	(502,971)	(545,168)
Distribution costs	6	(74,717)	(81,883)
Administrative expenses	6	(121,127)	(125,789)
Core operating profit		46,950	41,444
Non-core operating loss	7	–	(8,817)
Interest expenses, net	8	(2,324)	(1,579)
Share of results of an associated company	9	(639)	–
Profit before income tax		43,987	31,048
Income tax expenses	10	(10,181)	(7,134)
Profit attributable to shareholders of the Company		33,806	23,914
Earnings per share (HK cents)			
Basic/diluted	11	4.3	3.1

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Profit attributable to shareholders of the Company	33,806	23,914
Other comprehensive (loss)/income:		
Item that will not be reclassified subsequently to profit or loss		
Actuarial losses on post employment benefit obligation, net of tax	(4,975)	–
Item that may be reclassified subsequently to profit or loss		
Exchange differences	171	(2,489)
Total comprehensive income attributable to shareholders of the Company	29,002	21,425

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Assets			
Non-current assets			
Intangible assets	19	359,257	359,357
Fixed assets	15	168,066	170,329
Right-of-use assets	16	190,535	223,541
Investment properties	17	5,027	5,261
Lease premium for land	18	60,979	63,926
Associated company	9	1,701	–
Loan receivables	9	4,000	–
Deferred tax assets	20	5,582	4,681
Rental and other long-term deposits		37,040	51,521
		832,187	878,616
Current assets			
Inventories	21	32,863	42,286
Rental deposits		19,438	19,443
Trade receivables	22	63,726	37,687
Other receivables, deposits and prepayments		23,648	27,711
Derivative financial instrument	23	660	–
Taxation recoverable		957	641
Restricted bank deposit	24	1,050	1,204
Short-term bank deposits	24	15,857	–
Cash and cash equivalents	24	190,795	206,016
		348,994	334,988
Total assets		1,181,181	1,213,604

Consolidated Balance Sheet

As at 31 December 2025

	<i>Note</i>	2025	2024
		HK\$'000	HK\$'000
Equity			
Share capital	28	77,742	77,742
Reserves	29	571,701	557,680
Total equity		649,443	635,422
Liabilities			
Non-current liabilities			
Lease liabilities	27	90,870	105,050
Long service payment liabilities	30	16,784	12,550
Deferred tax liabilities	20	8,040	8,266
		115,694	125,866
Current liabilities			
Trade payables	25	67,635	71,347
Other payables and accruals	26	138,174	135,229
Lease liabilities	27	112,987	128,701
Taxation payable		3,730	3,689
Cake coupons		93,518	113,350
		416,044	452,316
Total equity and liabilities		1,181,181	1,213,604

On behalf of the Board

William FUNG Kwok Lun
Director

Michael TANG Tsz Kin
Director

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to shareholders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2024	77,742	888	20,002	954	(274)	560,878	660,190
Profit attributable to shareholders of the Company	-	-	-	-	-	23,914	23,914
Exchange differences	-	-	-	-	(2,489)	-	(2,489)
Total comprehensive income for the year	-	-	-	-	(2,489)	23,914	21,425
Employee share option benefit	-	-	-	452	-	-	452
Dividends paid	-	-	-	-	-	(46,645)	(46,645)
	-	-	-	452	-	(46,645)	(46,193)
At 31 December 2024	77,742	888	20,002	1,406	(2,763)	538,147	635,422
At 1 January 2025	77,742	888	20,002	1,406	(2,763)	538,147	635,422
Profit attributable to shareholders of the Company	-	-	-	-	-	33,806	33,806
Exchange differences	-	-	-	-	171	-	171
Actuarial loss on post-employment benefit obligation	-	-	-	-	-	(5,841)	(5,841)
Gross	-	-	-	-	-	(5,841)	(5,841)
Tax	-	-	-	-	-	866	866
Total comprehensive income for the year	-	-	-	-	171	28,831	29,002
Employee share option benefit	-	-	-	431	-	136	567
Dividends paid	-	-	-	-	-	(15,548)	(15,548)
	-	-	-	431	-	(15,412)	(14,981)
At 31 December 2025	77,742	888	20,002	1,837	(2,592)	551,566	649,443

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Cash generated from operations	31	225,836	249,776
Hong Kong profits tax paid		(5,630)	(6,976)
Overseas income tax paid		(5,037)	(3,936)
Net cash generated from operating activities		215,169	238,864
Cash flows from investing activities			
Acquisition of a subsidiary		–	(2,881)
Purchase of fixed assets		(45,874)	(38,108)
Proceeds from disposal of fixed assets		102	150
Acquisition of an associated company		(3,000)	–
Increase in loan receivables		(4,000)	–
Increase in short-term bank deposits		(15,857)	–
Decrease in restricted bank deposit		203	–
Interest received		3,765	5,927
Net cash used in investing activities		(64,661)	(34,912)
Cash flows from financing activities			
Payment of lease liabilities		(152,485)	(175,830)
Decrease in rental deposits		2,205	4,018
Dividends paid		(15,548)	(46,645)
Net cash used in financing activities		(165,828)	(218,457)
Decrease in cash and cash equivalents		(15,320)	(14,505)
Cash and cash equivalents at 1 January		206,016	220,640
Effect of foreign exchange rate changes		99	(119)
Cash and cash equivalents at 31 December		190,795	206,016

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Convenience Retail Asia Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the operation of (i) a chain of bakeries under the brand name of Saint Honore in Hong Kong, Macau and Mainland China; (ii) a chain of premium pâtisserie under the brand name of Mon cher in Hong Kong – one of Japan’s most popular pâtisserie and cake brands; (iii) a chain of fast-fashion eyewear stores under the brand name of Zoff in Hong Kong and Singapore; and (iv) a wholesale business providing bakery and festive products to corporate customers in Hong Kong, Macau and Mainland China.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and its principal place of business is 15th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

The Company’s shares are currently listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards and under historical cost convention.

As at 31 December 2025, the Group had net current liabilities of HK\$67,050,000 (2024: HK\$117,328,000). In preparing these financial statements, the Group’s management has taken into account all information that could reasonably be expected to be available and has ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Based on the Group’s cash flows from operations, availability of cash and cash equivalents, banking facilities and its expected future working capital requirements, the Group’s management is of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The Group has adopted the following amendments to standards of HKFRS Accounting Standards which are mandatory for accounting periods beginning on or after 1 January 2025 and relevant to its operations:

HKAS 21 and HKFRS 1 Amendments	Lack of Exchangeability
--------------------------------	-------------------------

The adoption of amendments to standards of HKFRS Accounting Standards does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The Group has not early adopted the following new standards, amendments to standards and interpretation of HKFRS Accounting Standards that have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2026.

HKAS 7, HKFRS 1, HKFRS 7, HKFRS 9 and HKFRS 10	Annual Improvements to HKFRS Accounting Standards – Volume 11
HKFRS 9 and HKFRS 7 Amendments	Contracts Referencing Nature-dependent Electricity
HKFRS 9 and HKFRS 7 Amendments	Classification and Measurement of Financial Instruments
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKAS 21 Amendments	Translation to Hyperinflationary Presentation Currency
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures
Hong Kong Interpretation 5 Amendments	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

None of the above is expected to have a material effect on the consolidated financial statements of the Group.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December.

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill (note 2g) is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated profit and loss account.

Inter-company transactions, balances, income and expenses on transactions between the group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from the investments if the dividends exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each profit and loss account are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to consolidated profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(e) Fixed assets and lease premium for land

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land is stated at cost without amortisation. Lease premium for land are classified as leases and depreciated in the consolidated profit and loss account on a straight-line basis over the unexpired term of the leases of 24 years to 43 years. Leasehold improvements are depreciated on a straight-line basis over the leases of 3 years to 10 years. Other fixed assets are depreciated at rates sufficient to write off their costs over their expected useful lives on a straight-line basis. The principal annual rates are as follows:

Properties	2.5% to 4%
Equipment, furniture and fixtures	10% to 33 ¹ / ₃ %
Motor vehicles	15% to 25%

No depreciation is provided for construction in progress until it is completed and ready for use.

Major costs incurred in restoring fixed assets to their normal working conditions are charged to the consolidated profit and loss account.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2h).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated profit and loss account.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Investment properties

Property that is held for rental yields and not occupied by the Group is classified as investment property. The Group applies the cost model of accounting as permitted by HKAS 40. Land are classified and accounted for as finance lease in the consolidated financial statements.

After initial recognition, investment property is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the property.

Investment properties are depreciated on a straight-line basis over the unexpired term of the leases of 25 years to 40 years.

Major costs incurred in restoring properties to its normal working conditions are charged to the consolidated profit and loss account.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2h).

Gain and loss on disposal is determined by comparing the proceed with the carrying amount and is recognised in the consolidated profit and loss account.

(g) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of fair value of the net identifiable assets of the acquired subsidiaries at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

(i) Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to the operating segment.

(ii) Trademarks

Acquired trademarks have an infinite useful life and are carried at historical cost without amortisation. Trademarks are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses.

(iii) Licences

Separately acquired licences are shown at historical cost. Licences are recognised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and impairment losses. They have a finite useful life, and are amortised on a straight-line basis over the remaining term of the licences.

(h) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Associated companies (continued)

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated profit and loss account.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial information of associated companies has been changed where necessary to ensure consistency with the policies adopted by the Group.

(j) Derivatives financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives financial instruments recognised at fair value through profit or loss include certain derivative instruments that do not qualify for hedge accounting which is initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair values of derivative financial instruments are recognised immediately in the consolidated profit and loss account.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(k) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and;
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(k) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with that a financial asset or a group of financial assets at each balance sheet date. The impairment apply depends on whether there has been a significant increase in credit risk. For loans and receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories comprising merchandises and bakery products are stated at the lower of cost and net realisable value. The cost of inventories is calculated on the weighted average basis including all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(o) Current and deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) *Profit sharing and bonus plans*

Provisions for profit sharing and bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) *Pension obligations*

The Group pays contributions to an independently administered fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are expensed as incurred and are not reduced by contributions forfeited by those employees who leave the fund prior to vesting fully in the contributions. Contributions to the fund by the Group and employees are calculated as a percentage of employees' salaries.

The assets of the fund are held separately from those of the Group in the independently administered fund.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(iv) Long service payment liabilities

The Group's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The long service payment liabilities are assessed by using the projected unit credit method. The cost of providing the long service payment liabilities is charged to the consolidated profit and loss account so as to spread the costs over the service lives of employees.

The long service payment liabilities are discounted to determine the present value and reduced by entitlements accrued under the Group's defined contribution retirement scheme that is attributable to contributions made by the Group. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefit become vested.

(v) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated profit and loss account, and a corresponding adjustment to equity employee share-based compensation reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

(r) Core operating profit (included interest expenses on lease liabilities)

Core operating profit (included interest expenses on lease liabilities) is the result generated from the Group's bakery and eyewear business excluding other interest income, income tax expenses and gain or loss on disposal of property which are of capital nature or non-operating related.

(s) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's business. The Group derives revenue from the transfer of goods at a point in time. Revenue is shown net of discounts and after eliminating sales within the Group. Revenue is recognised as follows:

- (i) Sales of goods are recognised when a product is sold to the customer. Payments that are related to cake coupons not yet redeemed by the customers are deferred and shown as contract liability under the current liability "cake coupons" in the consolidated balance sheet. Cake coupons surrendered in exchange for products or upon expiry during the period are recognised as revenue in the consolidated profit and loss account using the weighted average cake coupon sale value. The Group recognises the expected breakage amount of cake coupons as revenue in proportion to the pattern of rights exercised by the customers.
- (ii) Sales of services are recognised in the accounting period in which the services are rendered.
- (iii) Interest income is recognised on a time proportion basis using the effective interest method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Leases

Leases with lease term of less than 12 months were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the net present value of the remaining fixed lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities. The lease payments are discounted using the Group's incremental borrowing rate at lease commencement date.

Lease payments are allocated between principal and lease interest expense. The lease interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are classified as non-current liabilities unless payments are payable within 12 months from the balance sheet date.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- restoration costs.

Right-of-use assets are depreciated over the lease terms on a straight-line basis. Payments associated with short-term leases with lease terms of 12 months or less are expensed on a straight-line basis in the consolidated profit and loss account.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and interest rate risk.

(i) Foreign exchange risk

The Group is exposed to foreign currency risk primarily through sales and purchases or recognised assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. The Group have some exposures to foreign exchange risk on the purchase that are denominated in renminbi and Japanese Yen. The foreign exchange risk arisen from assets and liabilities in these currencies are not significant.

(ii) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, restricted bank deposits, trade receivables, rental deposits, loan receivable, short-term bank deposit and other receivables and deposits. The carrying amounts of these balances represent the maximum exposure to credit risk in relation to financial assets and the Group regularly monitored the level of these balances.

The majority of the Group's trade receivables are sales receivables. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group mitigates its exposure to risk relating to the trade receivables by performing regular reviews of the aging profile and the corresponding historical credit losses experience of trade receivables. The Group has no significant concentrations of credit risk, with exposure spread over a large number of debtors.

Retail sales are usually paid in cash. The Group mitigates its exposure to risk relating to cash at bank and bank deposits by placing them with renowned financial institutions registered in Hong Kong and Mainland China. All bank deposits and majority of cash and cash equivalents are placed in banks with high credit rankings. Rental deposits are also placed with various landlords in Hong Kong and Mainland China and are due upon the expiry of the tenancy agreements and handover of the leased premises. The Group did not experience any default by the landlords and there is no material concentration of credit risk for rental deposits due to a large number of landlords.

3. FINANCIAL RISK MANAGEMENT (continued)**(a) Financial risk factors** (continued)*(ii) Credit risk* (continued)

For loan receivables and other receivables and deposits, the Group applies the HKFRS 9 general approach to measure 12-month expected credit losses unless there is a significant increase in credit risk since initial recognition for which the Group measures the loss allowance based on lifetime rather than 12-month expected credit losses.

(iii) Liquidity risk

The Group is exposed to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due. To manage liquidity risk, the Group monitors and maintains a level of cash and bank balances, and banking facilities considered to be adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The contractual maturity of the Group for its financial liabilities, drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay and include both interest and principal, is set out below.

Contractual maturities of financial liabilities

	Within 1 year HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2025					
Trade payables	67,635	–	–	–	67,635
Other payables and accruals	138,174	–	–	–	138,174
Lease payments	124,735	88,898	10,057	736	224,426
	330,544	88,898	10,057	736	430,235
At 31 December 2024					
Trade payables	71,347	–	–	–	71,347
Other payables and accruals	135,229	–	–	–	135,229
Lease payments	138,434	75,063	36,758	730	250,985
	345,010	75,063	36,758	730	457,561

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Interest rate risk

The Group has no significant interest-bearing assets, except the cash at bank and bank deposits, which are exposed to changes in market interest rates. It is the Group's policy to maintain surplus cash with an appropriate portfolio of short-term and long-term deposits.

If the interest rates had been increased/decreased by 0.5% with all other variables held constant, the Group's net profit would have been increased/decreased by HK\$904,000 (2024: HK\$985,000) for the year ended 31 December 2025.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the total shareholders' equity as shown in the consolidated balance sheet. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group's strategy is to maintain a solid capital base to support the operations and development of its business in the long-term.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (continued)**(c) Fair value estimation** (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2025. There are no assets and liabilities are measured at fair value at 31 December 2024.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Derivative financial instruments	–	–	660	660
	–	–	660	660

Level 1 The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

Specific valuation techniques used to value financial instruments include techniques, such as discounted cash flow analysis, to determine fair value for the remaining financial instruments.

There was no significant transfer of assets between level 1, level 2 and level 3 fair value hierarchy classifications during the year.

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

The following table presents the changes in derivative financial instrument for the years ended 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
Opening balance	–	–
Additions	660	–
Closing balance	660	–
Total gain for the year included in profit or loss	–	–

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of fixed assets and right-of-use assets

The Group conducts impairment reviews of fixed assets and right-of-use assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the higher of the amount of value-in-use or fair value less costs to sell. These calculations require the use of judgements and estimates.

(b) Estimated impairment of intangible assets

The Group tests annually whether goodwill and trademarks have suffered any impairment, in accordance with the accounting policy stated in note 2g. The recoverable amounts of goodwill and trademarks are determined based on fair value less costs to sell calculations and royalty relief valuation method. These calculations require the use of estimates (note 19).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Estimated useful lives of trademarks

Trademarks represent the power of Saint Honore brand which the Group's management considers to have indefinite useful lives due to the enduring nature of the brand. These estimates are based on the historical experience of the actual useful lives of trademarks of similar nature and functions. Periodic review could result in a change in useful lives and consequently amortisation expenses in future periods.

(d) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of retail stores, warehouses, factories and office, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in retail stores, warehouses, factories and office leases have not been included in the lease liabilities, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if any option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the year, there is no financial impacts of revising lease terms to reflect the effect of exercising extension and termination options in recognised lease liabilities and right-of-use assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgements are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination is made.

Deferred tax assets relating to temporary differences and tax losses are recognised when management expects it is probable that future taxable profits will be available to utilise against the temporary differences or tax losses. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets in the periods in which such estimates have been changed.

(f) Estimated breakage on cake coupons

In determining the breakage amount of cake coupons, management considers the historical redemption pattern experience and estimates the future redemption pattern. Changes in estimated breakage is accounted for by adjusting the cake coupons to reflect the remaining coupons expected to be redeemed. The accounting for estimated breakage requires a significant amount of data tracking in order to update the estimate at each reporting period. These calculations require the use of judgements and estimates.

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group is principally engaged in the operation of chains of bakeries and eyewear business. Revenues recognised during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue		
Bakery sales revenue	1,297,055	1,337,279
Eyewear sales revenue	148,421	149,200
	1,445,476	1,486,479
Other income		
Service and miscellaneous income	7,748	8,105

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (continued)**Segment information**

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions.

In previous years, management considered the business principally from the perspective of product/service and geographic. In 2024, the Group decided to restructure the operation in Mainland China. Therefore, starting from 2025, management consider the business primarily from the perspective of product/service – bakery and eyewear businesses. For bakery segment, revenues are mainly comprised of sale of bakery and festival products under the brand names of Saint Honore and Mon cher. For eyewear segment, revenues are mainly derived from the sale of eyewear products under the brand name of Zoff. Accordingly, the Group has identified only two operating segments, and the segment information has been presented in a manner consistent with the way in which information is reported internally to the Group' senior executive management (the Chief Operating Decision Maker) for the purpose of resource allocation and performance assessment. Prior year comparatives segment information has been restated to conform with the current year presentation accordingly.

The segment information provided to the management for the reportable segments for the years ended 31 December 2025 and 2024 are as follows:

	2025		
	Bakery HK\$'000	Eyewear HK\$'000	Group HK\$'000
Revenue from external customers	1,297,055	148,421	1,445,476
Other income	5,560	2,188	7,748
	1,302,615	150,609	1,453,224
Core operating profit/(loss)	52,759	(5,809)	46,950
Core operating profit/(loss) (included interest expenses on lease liabilities)	47,679	(6,779)	40,900
Depreciation	(158,843)	(34,811)	(193,654)
Depreciation (excluded depreciation on right-of-use assets)	(41,683)	(6,582)	(48,265)

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (continued)

Segment information (continued)

	2024		
	Bakery HK\$'000	Eyewear HK\$'000	Group HK\$'000
Revenue from external customers	1,337,279	149,200	1,486,479
Other income	6,353	1,752	8,105
	1,343,632	150,952	1,494,584
Core operating profit/(loss)	50,440	(8,996)	41,444
Core operating profit/(loss) (included interest expenses on lease liabilities)	44,545	(10,270)	34,275
Depreciation	(182,439)	(37,876)	(220,315)
Depreciation (excluded depreciation on right-of-use assets)	(44,607)	(6,510)	(51,117)

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that of the consolidated profit and loss account. The management assesses the performance of the operating segments based on a measure of core operating profit (included interest expenses on lease liabilities).

The reconciliation of the total reportable segments' core operating profit (included interest expenses on lease liabilities) to the profit before income tax can be referred to the consolidated profit and loss account and interest expenses, net in note 8, as the reconciliation items are not included in the measure of the segments' performance by the management.

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (continued)**Segment information** (continued)

The segment assets and liabilities as at 31 December 2025 and 2024 are as follows:

	2025		
	Bakery HK\$'000	Eyewear HK\$'000	Group HK\$'000
Total segment assets	956,117	73,121	1,029,238
Total segment assets include:			
Additions to segment non-current assets	151,398	14,100	165,498
Total segment liabilities	472,171	47,797	519,968

	2024		
	Bakery HK\$'000	Eyewear HK\$'000	Group HK\$'000
Total segment assets	953,587	99,695	1,053,282
Total segment assets include:			
Additions to segment non-current assets	154,607	50,113	204,720
Total segment liabilities	499,056	67,171	566,227

The amounts provided to the management with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segment.

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (continued)

Segment information (continued)

Reportable segment assets are reconciled to total assets as follows:

	2025	2024
	HK\$'000	HK\$'000
Segment assets for reportable segments	1,029,238	1,053,282
Unallocated:		
Associated company	1,701	–
Loan receivables	4,000	–
Derivative financial instrument	660	–
Deferred tax assets	5,582	4,681
Taxation recoverable	957	641
Corporate bank deposits	139,043	155,000
Total assets per consolidated balance sheet	1,181,181	1,213,604

Reportable segment liabilities are reconciled to total liabilities as follows:

	2025	2024
	HK\$'000	HK\$'000
Segment liabilities for reportable segments	519,968	566,227
Unallocated:		
Deferred tax liabilities	8,040	8,266
Taxation payable	3,730	3,689
Total liabilities per consolidated balance sheet	531,738	578,182

The Group is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong is HK\$1,269,161,000 (2024: HK\$1,260,697,000), and the total of its revenue from external customers from other regions is HK\$176,315,000 (2024: HK\$225,782,000) for the year ended 31 December 2025.

The total of non-current assets other than deferred tax assets located in Hong Kong is HK\$759,175,000 (2024: HK\$791,920,000), and the total of these non-current assets located in other regions is HK\$61,729,000 (2024: HK\$82,015,000) as at 31 December 2025.

As of 31 December 2025, cake coupons related to contracts with customers is HK\$93,518,000 (2024: HK\$113,350,000). During the year, revenue recognised in the consolidated profit and loss account related to carried-forward cake coupons is HK\$28,062,000 (2024: HK\$36,522,000).

6. EXPENSES BY NATURE

	2025	2024
	HK\$'000	HK\$'000
Auditor's remuneration		
Audit services	1,474	1,354
Non-audit services	447	440
Cost of inventories sold	406,060	403,919
Delivery charges	37,283	43,526
Depreciation of fixed assets (<i>note 15</i>)	45,084	47,936
Depreciation of right-of-use assets (<i>note 16</i>)	145,389	169,198
Depreciation of investment properties (<i>note 17</i>)	234	233
Depreciation of lease premium for land (<i>note 18</i>)	2,947	2,948
Impairment charge of fixed assets (<i>note 15</i>)	1,405	308
Impairment charge of right-of-use assets (<i>note 16</i>)	5,496	2,664
Employee benefit expense (<i>note 13</i>)	496,167	517,049
Losses on disposal of fixed assets and right-of-use assets	1,589	789
Advertising and promotion	18,119	20,964
Rates and property management fee	19,914	18,671
Short-term and variable lease payments	20,115	16,469
Utilities	45,021	46,105
Foreign exchange losses/(gains)	157	(1,423)
Other expenses	159,373	161,990
Total cost of sales, selling expenses, distribution costs and administrative expenses	1,406,274	1,453,140

7. NON-CORE OPERATING LOSS

During the year ended 31 December 2024, the Group restructured the bakery business in Guangzhou and incurred non-recurring expenses on staff cost, leases modification and other costs for a total HK\$8,817,000.

8. INTEREST EXPENSES, NET

	2025	2024
	HK\$'000	HK\$'000
Interest income on bank deposits	3,687	5,590
Interest income on loan receivables	39	–
Interest expenses on lease liabilities	(6,050)	(7,169)
	(2,324)	(1,579)

9. ASSOCIATED COMPANY

On 1 July 2025, the Group acquired a 20% stake in a HK company which is a food importer, manufacturer and distributor.

	2025	2024
	HK\$'000	HK\$'000
Beginning of the year	–	–
Addition	2,340	–
Share of results of an associated company	(639)	–
End of the year	1,701	–

As at 31 December 2025, the loans to an associated company are unsecured, interest bearing and repayable on 23 July 2030 and 30 September 2030 respectively.

10. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for 2025 and 2024. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates prevailing in the regions in which the Group operates.

The amount of income tax expenses charged to the consolidated profit and loss account represents:

	2025 HK\$'000	2024 HK\$'000
Current income tax		
Hong Kong profits tax	5,577	6,607
Overseas profits tax	4,771	3,936
Deferred income tax credit (<i>note 20</i>)	(167)	(3,409)
	10,181	7,134

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the home country of the Group as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before income tax	43,987	31,048
Share of results of an associated company	639	–
	44,626	31,048
Calculated at a taxation rate of 16.5%	7,363	5,123
Effect of different taxation rates in other jurisdictions	(436)	(454)
Income not subject to taxation	(807)	(1,113)
Expenses not deductible for tax purposes	941	134
Tax losses not recognised	1,911	4,193
Reversal of previously recognised tax losses	1,182	–
Utilisation of tax losses previously not recognised	–	(726)
Under/(over) provision in prior years	27	(23)
	10,181	7,134

The Group is not in the scope of the OECD Pillar Two model rules, and the Group has no related current or deferred tax exposure.

11. EARNINGS PER SHARE

The calculation of the Group's basic and diluted earnings per share is based on the profit attributable to shareholders of the Company for the corresponding year.

The basic earnings per share is based on the weighted average number of ordinary shares in issue during the corresponding year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2025, the Company had outstanding share options that would potentially dilute the earnings per share. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For the year ended 31 December 2024, the diluted earnings per share equals to the basic earnings per share since the conversion of the outstanding share options would not have a dilutive effect on the earning per share.

	2025	2024
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	33,806	23,914

	Number of	Number of
	shares	shares
Weighted average number of ordinary shares in issue	777,416,974	777,416,974
Adjustment for:		
Share options	594,686	–
Weighted average number of ordinary shares for diluted earnings per share	778,011,660	777,416,974

12. DIVIDENDS

	2025	2024
	HK\$'000	HK\$'000
Interim dividend, proposed of 1 HK cent (2024: 2 HK cents) per share	7,774	15,548
Final dividend, proposed of 3 HK cents (2024: 1 HK cent) per share	23,323	7,774
	31,097	23,322

At a meeting held on 19 March 2026, the Directors declared a final dividend of 3 HK cents per share. This proposed dividend is not reflected as dividend payable in these consolidated financial statement.

13. EMPLOYEE BENEFIT EXPENSE

	2025	2024
	HK\$'000	HK\$'000
Wages and salaries (<i>note d</i>)	481,031	507,656
Annual leave benefit	64	406
Employee share option benefit	567	452
Pension costs – defined contribution plan (<i>note b & c</i>)	13,294	13,846
Long service payment costs (<i>note 30</i>)	1,211	1,103
	496,167	523,463

Notes:

- (a) The employee benefit expense includes directors' and senior management's emoluments (*note 14*).
- (b) Forfeited contributions totalling HK\$5,003,000 (2024: HK\$1,583,000) were utilised during the year leaving no balance at the year-end to reduce future contributions (2024: nil).
- (c) Contributions totalling HK\$2,420,000 (2024: HK\$2,516,000) were payable to the independently administered fund at the year-end.
- (d) Inclusive of non-recurring restructuring cost related to retail bakery business in Guangzhou in 2024.

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2025 is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Estimated	Employer's	Total HK\$'000
				money value of other benefits (note i) HK\$'000	contribution to a retirement benefit scheme HK\$'000	
William Fung Kwok Lun	360	-	-	-	-	360
Terence Fung Yue Ming (Note ii)	250	490	-	-	11	751
Michael Tang Tsz Kin	200	2,640	2,132	348	18	5,338
Richard Yeung Lap Bun	200	-	-	-	-	200
Anthony Lo Kai Yiu	390	-	-	-	-	390
Sarah Mary Liao Sau Tung	430	-	-	-	-	430
Sabrina Fung Wing Yee	200	-	-	-	-	200
Terrence Tsang Diao-Long	370	-	-	-	-	370
Tiffany Daisy Lee Pei Ming	200	-	-	-	-	200
	2,600	3,130	2,132	348	29	8,239

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)**(a) Directors' emoluments** (continued)

The remuneration of every Director for the year ended 31 December 2024 is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Estimated	Employer's	Total HK\$'000
				money value of other benefits (note i) HK\$'000	contribution to a retirement benefit scheme HK\$'000	
William Fung Kwok Lun	360	-	-	-	-	360
Michael Tang Tsz Kin	200	2,640	1,490	314	18	4,662
Richard Yeung Lap Bun	200	-	-	-	-	200
Anthony Lo Kai Yiu	390	-	-	-	-	390
Sarah Mary Liao Sau Tung	430	-	-	-	-	430
Sabrina Fung Wing Yee	200	-	-	-	-	200
Terence Fung Yue Ming	250	-	-	-	-	250
Terrence Tsang Diao-Long	370	-	-	-	-	370
Tiffany Daisy Lee Pei Ming	200	-	-	-	-	200
	2,600	2,640	1,490	314	18	7,062

Notes:

- (i) Other benefits include leave pay, share options and insurance premium.
- (ii) Mr Terence Fung Yue Ming has been re-designated as an Executive Director of the Company and appointed as the Vice Chairmen of the Board since 1 June 2025.
- (iii) No Director waived or agreed to waive any of their emoluments in respect of the years ended 31 December 2025 and 2024.
- (iv) During the year, no emoluments have been paid by the Group to the Directors as remuneration to accept office as director, or as remuneration in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2024: nil).
- (v) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which 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 (2024: nil).

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year included one Director (2024: one Director) whose emoluments are analysed in note 13a. The emoluments payable to the remaining four (2024: four) individuals during the year are as follows:

	2025	2024
	HK\$'000	HK\$'000
Salaries, housing allowances, other allowances and benefit in kind	6,160	7,112
Share options benefit	138	111
Discretionary bonuses	2,198	2,285
Pension costs – defined contribution plan	72	72
	8,568	9,580

The emoluments of the above individuals fell within the following bands:

	Number of individuals	
	2025	2024
HK\$1,000,001-HK\$1,500,000	1	1
HK\$1,500,001-HK\$2,000,000	1	0
HK\$2,000,001-HK\$2,500,000	0	0
HK\$2,500,001-HK\$3,000,000	1	2
HK\$3,000,001-HK\$3,500,000	1	1

During the year, no emoluments have been paid by the Group to the five highest paid individuals as an inducement to join the Group, or as a compensation for loss of office.

(c) Senior management's emoluments

The emoluments of the senior management included two Directors (2024: one Director) whose emoluments are analysed in note 14a. The emoluments payable to the remaining five (2024: four) senior executives fell within the bands between HK\$1 and HK\$3,500,000 during the year of 2025 and the bands between HK\$1,000,001 and HK\$3,500,000 during the year of 2024.

15. FIXED ASSETS

	Land and properties HK\$'000	Leasehold improvements HK\$'000	Equipment, furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2024					
Cost	69,665	266,008	373,890	19,038	728,601
Accumulated depreciation and impairment	(30,316)	(224,417)	(280,118)	(12,413)	(547,264)
Net book amount	39,349	41,591	93,772	6,625	181,337
Year ended 31 December 2024					
Opening net book amount	39,349	41,591	93,772	6,625	181,337
Additions	–	16,546	21,181	381	38,108
Acquisition of subsidiary	–	222	1,216	–	1,438
Disposals	–	(628)	(1,259)	(40)	(1,927)
Depreciation (<i>note 6</i>)	(1,359)	(17,901)	(26,269)	(2,407)	(47,936)
Impairment (<i>note 6</i>)	–	(492)	(78)	–	(570)
Exchange differences	–	(55)	(66)	–	(121)
Closing net book amount	37,990	39,283	88,497	4,559	170,329
At 31 December 2024					
Cost	69,665	274,636	387,822	18,929	751,052
Accumulated depreciation and impairment	(31,675)	(235,353)	(299,325)	(14,370)	(580,723)
Net book amount	37,990	39,283	88,497	4,559	170,329

Notes to the Consolidated Financial Statements

15. FIXED ASSETS (continued)

	Land and properties HK\$'000	Leasehold improvements HK\$'000	Equipment, furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Year ended 31 December 2025						
Opening net book amount	37,990	39,283	88,497	4,559	–	170,329
Additions	–	13,903	26,301	1,910	3,760	45,874
Disposals	–	(97)	(1,691)	–	–	(1,788)
Depreciation (note 6)	(1,358)	(15,390)	(26,152)	(2,184)	–	(45,084)
Impairment (note 6)	–	(1,405)	–	–	–	(1,405)
Exchange differences	–	78	62	–	–	140
Closing net book amount	36,632	36,372	87,017	4,285	3,760	168,066
At 31 December 2025						
Cost	69,665	281,210	406,255	20,098	3,760	780,988
Accumulated depreciation and impairment	(33,033)	(244,838)	(319,238)	(15,813)	–	(612,922)
Net book amount	36,632	36,372	87,017	4,285	3,760	168,066

As at 31 December 2025 and 2024, freehold land of HK\$11,561,000 included in land and properties is located outside Hong Kong.

Depreciation and impairment of HK\$17,613,000 (2024: HK\$16,907,000) has been charged in cost of sales, HK\$25,388,000 (2024: HK\$26,009,000) in selling expenses, HK\$2,207,000 (2024: HK\$2,444,000) in distribution costs HK\$1,281,000 (2024: HK\$2,884,000) in administrative expenses and nil (2024: HK\$262,000) in non-core operating expenses.

16. RIGHT-OF-USE ASSETS

	2025	2024
	HK\$'000	HK\$'000
Opening net book amount	223,541	266,323
Additions	119,624	144,000
Acquisition of subsidiary	–	9,960
Disposals	(622)	(21,162)
Remeasurement	(2,368)	(2,627)
Depreciation (<i>note 6</i>)	(145,389)	(169,198)
Impairment (<i>note 6</i>)	(5,496)	(2,664)
Exchange differences	1,245	(1,091)
Closing net book amount	190,535	223,541

Depreciation and impairment of HK\$3,964,000 (2024: HK\$4,725,000) has been charged in cost of sales, HK\$139,390,000 (2024: HK\$160,941,000) in selling expenses, HK\$1,284,000 (2024: HK\$1,331,000) in distribution costs and HK\$6,247,000 (2024: HK\$4,865,000) in administrative expenses.

The Group leases various retail stores, warehouses, factories and office. Rental contracts are typically made for fixed periods of 2 to 10 years, but may have extension options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor. Leased assets may not be used as security for borrowing purposes.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurred.

17. INVESTMENT PROPERTIES

	2025	2024
	HK\$'000	HK\$'000
At 1 January	5,261	5,494
Depreciation (<i>note 6</i>)	(234)	(233)
Net book amount	5,027	5,261
At 31 December		
Cost	9,980	9,980
Accumulated depreciation	(4,953)	(4,719)
Net book amount	5,027	5,261

Depreciation of HK\$234,000 (2024: HK\$233,000) has been charged in administrative expenses.

The fair value of investment properties reflects rental income from current leases and assumptions about rental income from future leases in light of the current market conditions. The fair value of the properties is approximately HK\$42,000,000 (2024: HK\$41,000,000) as at 31 December 2025 based on management's estimation with reference to the latest market transaction. The fair value measurement at 31 December 2025 is using significant other observable inputs, which is categorised within level 2 of the fair value measurement hierarchy.

18. LEASE PREMIUM FOR LAND

The Group's interests in leasehold land represent prepaid lease payments and their movements and net book value are analysed as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	63,926	66,874
Depreciation (<i>note 6</i>)	(2,947)	(2,948)
At 31 December	60,979	63,926
Located in:		
Hong Kong	45,010	47,101
Macau	7,333	7,605
Mainland China	8,636	9,220
	60,979	63,926

19. INTANGIBLE ASSETS

	Goodwill	Trademarks	Licence	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost and net book amount				
At 1 January 2024	247,465	110,000	–	357,465
Acquisition of subsidiary	–	–	1,991	1,991
Amortisation	–	–	(99)	(99)
At 31 December 2024	247,465	110,000	1,892	359,357
At 1 January 2025	247,465	110,000	1,892	359,357
Amortisation	–	–	(100)	(100)
At 31 December 2025	247,465	110,000	1,792	359,257

Note:

On 2 January 2024, the Group acquired from the licence owner of Zoff, all the issued shares of Zoff I Singapore Pte. Ltd. ("ZIS") with a consideration of SGD1,613,000. ZIS is incorporated in Singapore and is the exclusive operator of Zoff eyewear brand in the country which operated five retail outlets. The Group recognised the fair value of the assets and liabilities of ZIS at the date of acquisition.

19. INTANGIBLE ASSETS (continued)

(a) Impairment test for trademarks

Trademarks represent the power of Saint Honore brand which delivers an earning stream and generates value for the Group. The Group's management considers the brand has indefinite useful life due to the enduring nature of the brand.

The recoverable amount of the trademarks is determined by reference to a valuation performed using the royalty relief valuation method. Under this method, the value of the trademarks represents the present value of the hypothetical royalty income from licensing out the trademarks.

Key assumptions used in the valuation of trademarks are as follows:

	2025	2024
Revenue growth rate (note i)	6%-7%	5%-6%
Long-term growth rate (note ii)	2.5%	2.5%
Discount rate (note iii)	12.5%	11%
Royalty rate (note iv)	2%	2%

Notes:

- (i) Management determined budgeted revenue growth rate over a five-year budget period by reference to the past performance and its expectations for the market development.
- (ii) The long-term growth rate used does not exceed the long-term growth rate for the bakery business in which it operates and is used to extrapolate cash flow beyond the budget period.
- (iii) The discount rate used is post-tax discount rate applied to the cash flow projections which reflects specific risks relating to the relevant segment.
- (iv) The royalty rate used is a post-tax hypothetical rate on revenue estimated by management for licensing the trademark.

The Group does not have to recognise any impairment loss as at 31 December 2025 based on the impairment assessment performed.

If the revenue growth rate over the five-year budget period applied at 2% or the discount rate at 13%, the trademarks' recoverable amount would still be greater than its carrying value and no impairment would be noted.

19. INTANGIBLE ASSETS (continued)**(b) Impairment test for goodwill**

Goodwill is allocated to the Group's cash-generating units (CGUs) within the operating segment, Hong Kong and others bakery segment.

The recoverable amount of a CGU is determined based on fair value less costs to sell calculation, which is calculated by using post-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year budget period are extrapolated using the estimated long-term growth rate stated below.

Key assumptions used in the fair value less costs to sell calculation of goodwill are as follows:

	2025	2024
Revenue growth rate (note i)	6%-7%	5%-6%
Gross margin (note ii)	48%	50%
Long-term growth rate (note iii)	2.5%	2.5%
Discount rate (note iv)	12.5%	11%

Notes:

- (i) Management determined budgeted revenue growth rate over a five-year budget period by reference to the past performance and its expectations for the market development.
- (ii) The budgeted gross margin over the five-year budget period is approximately 48% and is estimated by management with reference to the past performance and its expectations for the market development.
- (iii) The long-term growth rate used does not exceed the long-term growth rate for the bakery business in which it operates and is used to extrapolate cash flow beyond the budget period.
- (iv) The discount rate used is post-tax discount rate applied to the cash flow projections which reflects specific risks relating to the relevant operating segment.

The Group does not have to recognise any impairment loss as at 31 December 2025 based on the impairment assessment performed.

If the revenue growth rate over the five-year budget period applied at 2% or the discount rate at 13%, the goodwill's recoverable amount would still be greater than its carrying value and no impairment would be noted.

20. DEFERRED TAXATION

Movements on the net deferred tax liabilities are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	3,585	6,968
Credited to the consolidated profit and loss account (<i>note 10</i>)	(167)	(3,409)
Credited directly to other comprehensive income	(866)	–
Exchange differences	(94)	26
At 31 December	2,458	3,585

Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred tax assets	Tax losses		Accelerated tax depreciation		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	(2,607)	(959)	(1,828)	(1,534)	(392)	(440)	(4,827)	(2,933)
(Credited)/charged to the consolidated profit and loss account	1,461	(1,672)	(1,665)	(294)	37	46	(167)	(1,920)
Credited directly to other comprehensive income	–	–	–	–	(866)	–	(866)	–
Exchange differences	(89)	24	–	–	(5)	2	(94)	26
At 31 December	(1,235)	(2,607)	(3,493)	(1,828)	(1,226)	(392)	(5,954)	(4,827)

Deferred tax liabilities	Decelerated tax depreciation		Fair value gain		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	3,747	4,987	4,665	4,914	8,412	9,901
(Credited)/charged to the consolidated profit and loss account	249	(1,240)	(249)	(249)	–	(1,489)
At 31 December	3,996	3,747	4,416	4,665	8,412	8,412

20. DEFERRED TAXATION (continued)

	2025	2024
	HK\$'000	HK\$'000
Deferred tax assets		
Deferred tax assets to be recovered after 12 months	(4,960)	(3,681)
Deferred tax assets to be recovered within 12 months	(994)	(1,146)
	(5,954)	(4,827)
Deferred tax liabilities		
Deferred tax liabilities to be settled after 12 months	8,014	8,137
Deferred tax liabilities to be settled within 12 months	398	275
	8,412	8,412

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2025	2024
	HK\$'000	HK\$'000
Deferred tax assets	(5,582)	(4,681)
Deferred tax liabilities	8,040	8,266

The Group did not recognise deferred income tax assets amounting to HK\$13,924,000 (2024: HK\$13,125,000) in respect of tax losses amounting to HK\$67,135,000 (2024: HK\$63,921,000) that can be carried forward against future taxable income. These unrecognised tax losses have no expiry dates except for the unrecognised tax losses as below:

	2025	2024
	HK\$'000	HK\$'000
Within 1 year	–	1,245
Over 1 year but within 5 years	33,494	29,089
	33,494	30,334

Deferred income tax liabilities of HK\$465,000 (2024: HK\$385,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of a subsidiary. Such unremitted earnings are to be reinvested and amounted to HK\$9,297,000 (2024: HK\$7,701,000) at 31 December 2025.

21. INVENTORIES

	2025	2024
	HK\$'000	HK\$'000
Raw materials and packing materials	15,867	25,958
Finished goods	16,996	16,328
	32,863	42,286

The cost of sales for the year ended 31 December 2025 amounted to HK\$707,459,000 (2024: HK\$700,300,000), which included inventories written off of HK\$6,805,000 (2024: HK\$830,000).

22. TRADE RECEIVABLES

Majority of the Group's revenue are retail cash sales. The Group's credit terms on trade receivables on income from corporate customers mainly range from 30 days to 60 days. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate their fair values. At 31 December 2025, the aging analysis by invoice date of trade receivables is as follows:

	2025	2024
	HK\$'000	HK\$'000
0-30 days	33,543	28,230
31-60 days	26,109	7,923
61-90 days	2,460	1,195
Over 90 days	1,614	339
	63,726	37,687

The amount of the provision was HK\$153,000 (2024: HK\$1,388,000). The individually impaired receivables are mainly due from a customer.

22. TRADE RECEIVABLES (continued)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2025	2024
	HK\$'000	HK\$'000
HK dollar (HK\$)	60,223	35,584
Renminbi (RMB)	922	626
Patacas (MOP)	2,454	1,329
Singapore dollar (SGD)	127	148
	63,726	37,687

Movements on the provision for impairment of trade receivables are as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	1,388	1,388
Provision for receivable impairment	153	–
Receivables written off	(1,388)	–
At 31 December	153	1,388

The maximum exposure to credit risk is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

23. DERIVATIVE FINANCIAL INSTRUMENT

	2025	2024
	HK\$'000	HK\$'000
Option	660	–

During the year ended 31 December 2025, a wholly-owned subsidiary of the Group has entered into the call option agreement with the associated company, pursuant to which the associated company has granted the call option to the Group to acquire further shareholding interests in the associated company at a fixed consideration, at the sole discretion of the Group.

24. CASH AND BANK BALANCES AND SHORT-TERM BANK DEPOSITS

	2025	2024
	HK\$'000	HK\$'000
Cash at bank and in hand	67,657	49,616
Short-term bank deposits with maturity within three months	123,138	156,400
Cash and cash equivalents	190,795	206,016
Short-term bank deposits with maturity over three months	15,857	–
Restricted bank deposit	1,050	1,204
Total cash and bank balances	207,702	207,220

The maximum exposure to credit risk relates to the cash at bank and bank deposits held at financial institutions of HK\$203,195,000 (2024: HK\$207,220,000).

As at 31 December 2025, bank and restricted bank deposits of HK\$140,045,000 (2024: HK\$157,604,000) bear effective interest rate of approximately 2.0% (2024: 2.8%) per annum. These deposits have an average maturity of 35 days (2024: 42 days).

As at 31 December 2025, certain cash and bank balances of HK\$6,837,000 (2024: HK\$22,904,000) are kept in Mainland China. The remittance of funds out of Mainland China is subject to rules and regulations of foreign exchange control promulgated by the Chinese Mainland government.

At 31 December 2025, the Group's total bank balances and cash are denominated in the following currencies:

	2025	2024
	HK\$'000	HK\$'000
HK dollar (HK\$)	118,819	183,539
Renminbi (RMB)	6,934	7,427
Patacas (MOP)	10,875	12,252
Japanese Yen (JPY)	–	368
Singapore dollar (S\$)	3,034	3,634
US dollar (US\$)	68,040	–
	207,702	207,220

25. TRADE PAYABLES

At 31 December 2025, the aging analysis by invoice date of the trade payables is as follows:

	2025	2024
	HK\$'000	HK\$'000
0-30 days	36,611	39,983
31-60 days	27,407	27,924
61-90 days	588	953
Over 90 days	3,029	2,487
	67,635	71,347

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025	2024
	HK\$'000	HK\$'000
HK dollar (HK\$)	21,106	23,239
Renminbi (RMB)	41,537	42,364
Patacas (MOP)	1,053	1,076
Japanese Yen (JPY)	3,566	3,744
Singapore dollar (S\$)	373	924
	67,635	71,347

26. OTHER PAYABLES AND ACCRUALS

The Group's other payables and accruals as at end of the year are balances related mainly in respect of provision of employee benefits, marketing and advertising activities, procurement of fixed assets and other costs incurred in the ordinary course of business.

27. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
At 1 January	233,751	274,603
Additions	118,294	142,249
Acquisition of subsidiary	–	11,902
Disposals	(710)	(22,513)
Remeasurement	(2,368)	(2,627)
Payments	(152,485)	(175,830)
Interest expenses	6,050	7,169
Exchange differences	1,325	(1,202)
At 31 December	203,857	233,751
Current lease liabilities	112,987	128,701
Non-current lease liabilities	90,870	105,050
	203,857	233,751

At 31 December 2025, the maturities of non-current lease liabilities are as follows:

	2025 HK\$'000	2024 HK\$'000
Over 1 year but within 2 years	61,301	70,579
Over 2 years but within 5 years	27,978	33,799
Over 5 years	1,591	672
	90,870	105,050

28. SHARE CAPITAL

	2025		2024	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Authorised:				
At 31 December	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
At 1 January and 31 December	777,416,974	77,742	77,416,974	77,742

Share options*(i) 2020 Share Option Scheme*

Share options were granted under the 2020 Share Option Scheme which was approved and adopted by the shareholders at the annual general meeting of the Company.

Summary of the major terms of the above mentioned 2020 Share Option Scheme are set out in the "Share Options" section of the Directors' Report.

28. SHARE CAPITAL (continued)

Share options (continued)

(ii) *Movements in the number of share options granted, outstanding and their related weighted average exercise prices are as follows:*

	2025		2024	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
At 1 January	20,172,000	0.70	10,166,000	0.76
Granted	20,000,000	0.32	10,056,000	0.64
Lapsed	(2,692,000)	0.60	(50,000)	0.64
At 31 December	37,480,000	0.51	20,172,000	0.70
Exercisable	18,280,000	0.70	20,172,000	0.70

For the years ended 31 December 2025, no share option was exercised (2024: no share option was exercised). The options outstanding at 31 December 2025 and 2024 had a weighted average remaining contractual life of 2.3 years and 2.2 years respectively.

(iii) *Share options outstanding at the year-end have the following expiry dates and exercise prices:*

Expiry date	Exercise price HK\$	2025	2024
		Number of options	Number of options
31 March 2026	0.764	9,032,000	10,166,000
31 March 2028	0.64	9,248,000	10,006,000
31 March 2029	0.32	19,200,000	–
		37,480,000	20,172,000

28. SHARE CAPITAL (continued)**Share options** (continued)

(iii) *Share options outstanding at the year-end have the following expiry dates and exercise prices:*
(continued)

The fair value of options granted are determined by using the Black-Scholes valuation model. During the year, the weighted average fair value of options granted was HK\$0.03 per option. The significant inputs into the models for the share options granted in 2025 were as follows:

Expected volatility	26.2%
Expected life	3 years
Risk free rate	3.1%
Expected dividends	7.0%

Expected volatility was determined by calculating the historical volatility of the Group's daily share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

29. RESERVES

	Share Premium HK\$'000	Capital reserves HK\$'000	Employee share-based compensation HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	888	20,002	954	(274)	560,878	582,448
Profit attributable to shareholders of the company	-	-	-	-	23,914	23,914
Exchange differences	-	-	-	(2,489)	-	(2,489)
Employee share option benefit	-	-	452	-	-	452
Dividends paid	-	-	-	-	(46,645)	(46,645)
At 31 December 2024	888	20,002	1,406	(2,763)	538,147	557,680
At 1 January 2025	888	20,002	1,406	(2,763)	538,147	557,680
Profit attributable to shareholders of the company	-	-	-	-	33,806	33,806
Actuarial loss on post-employment benefit obligation	-	-	-	-	(5,841)	(5,841)
Gross	-	-	-	-	(5,841)	(5,841)
Tax	-	-	-	-	866	866
Exchange differences	-	-	-	171	-	171
Employee share option benefit	-	-	431	-	136	567
Dividends paid	-	-	-	-	(15,548)	(15,548)
At 31 December 2025	888	20,002	1,837	(2,592)	551,566	571,701

30. LONG SERVICE PAYMENT LIABILITIES

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's defined contribution retirement scheme that is attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The liability recognised in the consolidated balance sheet is the present value of unfunded obligations and its movements are as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	12,550	12,125
Expenses recognised in the consolidated profit and loss account		
– as shown below	1,211	1,103
Benefit paid	(2,818)	(678)
Actuarial losses recognised in other comprehensive income	5,841	–
At 31 December	16,784	12,550

The amounts recognised in the consolidated profit and loss account are as follows:

	2025	2024
	HK\$'000	HK\$'000
Service cost	810	739
Interest cost	401	364
Total, included in employee benefit expense (note 13)	1,211	1,103

Of the total charge, HK\$169,000 (2024: HK\$164,000), HK\$828,000 (2024: HK\$756,000), HK\$82,000 (2024: HK\$70,000) and HK\$132,000 (2024: HK\$113,000) were included in cost of sales, selling expenses, distribution costs and administrative expenses respectively.

30. LONG SERVICE PAYMENT LIABILITIES (continued)

The principal actuarial assumptions used as at 31 December are as follows:

	2025	2024
Discount rate	3.7%	3.9%
Long-term rate of salary increases		
Full time staff	3.0%	2.5%
Part time staff	3.0%	2.5%
Long-term rate of increase of maximum amount of long service payment/wages and minimum mandatory provident fund relevant income	0.0%	2.5%

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**Cash generated from Operations**

	2025 HK\$'000	2024 HK\$'000
Profit for the year	33,806	23,914
Adjustments for:		
Income tax expenses	10,181	7,134
Interest income	(3,726)	(5,590)
Lease interest expenses	6,050	7,169
Amortisation of licence	100	99
Depreciation of fixed assets	45,084	47,936
Depreciation of right-of-use assets	145,389	169,198
Depreciation of investment properties	234	233
Depreciation of lease premium for land	2,947	2,948
Impairment of fixed assets	1,405	570
Impairment of right-of-use assets	5,496	2,664
Employee share option benefit	567	452
Losses on disposal of fixed assets and right-of-use assets	1,589	436
Share of results of an associated company	639	–
Long service payment costs	1,211	1,103
Foreign exchange gains	(78)	(2,352)
	250,894	255,914
Changes in working capital		
Inventories	9,423	(3,733)
Trade receivables, other receivables, deposits and prepayments	(9,734)	11,582
Trade payables, other payables and accruals	(2,097)	(257)
Long service payment liabilities	(2,818)	(678)
Cake coupons	(19,832)	(13,052)
	225,836	249,776

32. CAPITAL COMMITMENTS

The Group had commitments to make payments in respect of the acquisition of fixed assets. Capital expenditure contracted but not yet provided as at 31 December 2025 is HK\$17,489,000 (2024: HK\$5,709,000).

33. GUARANTEES

At 31 December 2025, banking facilities of HK\$3,197,000 (2024: HK\$3,317,000) had been utilised by a subsidiary for the rental and utility deposits.

34. RELATED PARTY TRANSACTIONS

Fung Retailing Limited ("FRL") is a substantial shareholder of the Company, which owns 40.11% of the Company's shares. All of the related party transactions of the Group are entered into with Fung Holdings (1937) Limited (the holding company of FRL and a substantial shareholder of the Company) and its subsidiaries and associates.

(a) Related party transactions

The following is a summary of the significant related party transactions carried out in the normal course of the Group's business during the year:

	Note	2025 HK\$'000	2024 HK\$'000
Income			
Sales of products	(i)		
Subsidiary of a substantial shareholder		160	203
Associate of a substantial shareholder		2	–
Charges			
Reimbursement of office and administrative expenses	(ii)		
Subsidiaries of a substantial shareholder		437	9
Fellow subsidiary of a substantial shareholder		38	11
Associate of a substantial shareholder		4	–
Rental	(iii)		
Subsidiary of a substantial shareholder		1,195	1,382

34. RELATED PARTY TRANSACTIONS (continued)**(b) Key management personnel compensation**

	2025	2024
	HK\$'000	HK\$'000
Fees	2,600	2,600
Bonuses	3,928	3,678
Salaries and other allowances	8,265	9,872
Employee share option benefit	325	318
Pension costs – defined contribution plan	84	90
	15,202	16,558

(c) Year-end balances with related parties

	2025	2024
	HK\$'000	HK\$'000
Amounts due from:		
Fellow subsidiary of a substantial shareholder	157	–
Associate of a substantial shareholder	2	–
Amounts due to:		
Subsidiaries/fellow subsidiary of a substantial shareholder	(223)	(3)

The balances with the related parties included in other receivables and other payables are unsecured, interest free and repayable on demand.

Notes:

- (i) Sales of products to subsidiary/associate of a substantial shareholder were carried out in ordinary course of business and terms mutually agreed between the Group and the subsidiary.
- (ii) Reimbursements payable to subsidiaries/fellow subsidiary/associate of a substantial shareholder in respect of office and administrative expenses incurred, are charged on an actual cost recovery basis.
- (iii) Rentals are payable to subsidiary of a substantial shareholder in accordance with the terms of agreements.

35. BALANCE SHEET AND MOVEMENT OF RESERVES OF THE COMPANY**(a) Balance sheet of the Company**

	2025 HK\$'000	2024 HK\$'000
Assets		
Non-current assets		
Investment in subsidiaries	647,769	647,769
Fixed assets	64	152
Right-of-use assets	909	4,857
Rental deposit	1,220	1,220
Deferred tax assets	805	805
	650,767	654,803
Current assets		
Amounts due from subsidiaries	36,906	14,543
Other receivables, deposits and prepayments	1,039	1,045
Cash and cash equivalents	512	380
	38,457	15,968
Total assets	689,224	670,771
Equity		
Share capital	77,742	77,742
Reserves	266,106	283,224
Total equity	343,848	360,966
Liabilities		
Non-current liabilities		
Lease liability	–	984
Long service payment liabilities	292	227
	292	1,211
Current liabilities		
Amounts due to subsidiaries	329,210	293,578
Other payables and accruals	14,890	10,921
Lease liability	984	4,095
	345,084	308,594
Total equity and liabilities	689,224	670,771

On behalf of the Board

William FUNG Kwok Lun
Director

Michael TANG Tsz Kin
Director

35. BALANCE SHEET AND MOVEMENT OF RESERVES OF THE COMPANY (continued)**(b) Movement of reserves of the Company**

	Share premium HK\$'000	Capital reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	888	12,792	954	348,371	363,005
Loss attributable to shareholders of the Company	-	-	-	(33,588)	(33,588)
Employee share option benefit	-	-	452	-	452
Dividends paid	-	-	-	(46,645)	(46,645)
At 31 December 2024	888	12,792	1,406	268,138	283,224
At 1 January 2025	888	12,792	1,406	268,138	283,224
Loss attributable to shareholders of the Company	-	-	-	(2,081)	(2,081)
Actuarial losses on post employment benefit obligation	-	-	-	(34)	(34)
Employee share option benefit	-	-	431	114	545
Dividends paid	-	-	-	(15,548)	(15,548)
At 31 December 2025	888	12,792	1,837	250,589	266,106

36. PRINCIPAL SUBSIDIARIES

As at 31 December 2025 and 2024, the Company has interests in the following principal subsidiaries:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital/registered capital	Interest held
<i>Indirectly held:</i>				
Callista Foods Limited	Hong Kong	Food factory operator and wholesaler	HK\$15,600,000	100%
Omni Beauty Retailing Limited	Hong Kong	Eyewear chain operator and lease-holder	HK\$10,000,000	100%
Patisserie Mon cher Company Limited	Hong Kong	Bakery chain operator and lease-holder	HK\$2	100%
Saint Honore Cake Shop Limited	Hong Kong	Bakery chain operator and lease-holder	HK\$3,450,100	100%
Saint Anna Cake Shop (Macau) Limited Pastelarias Santa Ana (Macau), Limitada [#]	Macau	Bakery chain operator and lease-holder	MOP100,000	100%
Saint Honore Cake Shop Guangzhou Limited 廣州市聖安娜餅屋有限公司*	PRC (<i>note i</i>)	Bakery chain operator and lease-holder	RMB38,345,674	100%
Saint Honore Cake Shop (Shenzhen) Limited 聖安娜餅屋(深圳)有限公司	PRC (<i>note i</i>)	Food factory operator	HK\$18,610,000	100%
Zoff I Singapore Pte. Ltd. (<i>note ii</i>)	Singapore	Eyewear chain operator	JPY930,000,000 & SGD1,126,111.95	100%

* The legal name of the company is in Chinese.

The legal name of the company is in Portuguese.

Notes:

(i) Registered as a wholly foreign-owned enterprise under the law of the People's Republic of China ("PRC").

(ii) The acquisition of subsidiary was completed in January 2024.

Five-Year Financial Summary

The following table summarises the results, assets and liabilities of the Group for the five years ended 31 December 2025.

	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	1,445,476	1,486,479	1,487,090	1,462,864	1,361,840
Core operating profit (included interest expenses on lease liabilities)	40,900	34,275	65,707	76,836	81,627
Profit attributable to shareholders of the Company from Continuing Operations	33,806	23,914	57,709	67,785	74,399
Total assets	1,181,181	1,213,604	1,286,088	1,323,846	1,320,569
Total liabilities	(531,738)	(578,182)	(625,898)	(668,023)	(676,221)
Total equity	649,443	635,422	660,190	655,823	644,348

