



ESPRIT

2025 Annual Report

Financial Year Ended 31 December 2025

Esprit Holdings Limited

(Incorporated in Bermuda with Limited Liability)

Hong Kong Stock Code 00330

Corporate Information

Executive Directors

- Mr. WRIGHT Bradley Stephen (Acting Chairman)
- Ms. LI Hui
- Ms. LIU Jianyi

Independent Non-executive Directors

- Ms. LIU Hang-so
- Ms. LIU Tsui Fong
- Mr. LO Kin Ching Joseph
- Mr. YU Chung Leung

Chief Financial Officer

- Mr. WONG Brian Shek Kae

Company Secretary

- Mr. MAN Wai Chuen

Principal bankers

- Hang Seng Bank Limited
- Standard Chartered Bank (Hong Kong) Limited

Auditor

- Crowe (HK) CPA Limited
Certified Public
Accountants Registered Public Interest Entity
Auditor

Principal legal advisor

- Conyers Dill & Pearman

Principal share registrar

Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong branch share registrar

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

Registered office

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2 Church Street
Hamilton HM 11
Bermuda

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Share listing

Listing on The Stock Exchange of
Hong Kong Limited since 1993
Stock Code: 00330



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Management Discussion and Analysis

BUSINESS REVIEW

In 2024, the Group initiated a comprehensive restructuring to address the historical long term unsustainable cost base and persistent losses under the legacy, capital-intensive retail and distribution model. Following this comprehensive restructuring initiative, 2025 represents a critical inflection point in the journey of Esprit Holdings Limited (the “Company”, together with its subsidiaries, the “Group” or “ESPRIT”). Under this model, the Group retains ownership and control of brand-critical functions, including intellectual property protection, brand identity and strategy, marketing strategy, and product design and quality oversight, while resource intensive functions such as sourcing, merchandising, distribution and retail execution are undertaken by experienced and carefully selected third-party licensee partners.

The transition reduces fixed costs and inventory risk, improves working capital efficiency, and concentrates the managements’ efforts on brand building and disciplined partner selection and management. Revenue is generated primarily from sales-based royalties. By partnering with experienced licensee partners in key markets, the Group is positioned to capitalise on the robust growth projected within the global brand licensing industry.

This asset-light, licensing-centric business model aligns with the proven industry standard adopted by leading international brand owners and licensing management groups worldwide. According to License Global’s latest Top Global Licensors 2025 report, The Walt Disney Company (“Disney”) and Authentic Brands Group (“ABG”) rank among the foremost global licensors, with Disney generating approximately US\$62 billion in licensed retail sales in 2024 and ABG generating approximately US\$32 billion. Bluestar Alliance, another prominent company in this space, also featured among the top ten with approximately US\$10 billion in licensed retail sales. Notably, both ABG and Bluestar Alliance are principally focused on fashion and lifestyle brand licensing, demonstrating the viability of this model. These figures underscore the scale, maturity, and commercial effectiveness of global licensing strategies employed by leading brand owners.

According to the latest 2025 Global Licensing Industry Study published by Licensing International, the global licensing industry generated US\$369.6 billion in retail sales of licensed merchandise and services in 2024, representing a 3.7% year-on-year growth. This sustained expansion highlights the commercial power of licensing-led, asset-light business models, as brand owners increasingly monetise intellectual property (“IP”) with minimal operational overhead. Such models enable efficient and scalable brand expansion by leveraging licensee partners’ expertise in distribution, market localisation, and the expansion into specialised product categories.

Fashion was among the strongest-performing IP categories in 2024, recording a 8.1% year-on-year growth, reflecting resilient consumer demand for branded products. The Group’s alignment with these macro trends not only strengthens its strategic position, but also creates a path of scalable, recurring revenue streams, enhancing the potential for sustainable, medium to long-term profitability.

The Group has engaged in licensing activities for several decades and has accumulated experience in managing the licensing business. Accordingly, ESPRIT’s current business model is neither unique nor experimental; rather, it reflects prevailing industry practices and is grounded in the Company’s own extensive history in licensing, albeit previously under-utilised, combined with expert industry advice. This positions the Group to capitalise on the projected growth of the global brand licensing market.

During the financial year ended 31 December 2025 (the “Year”), the Company actively refined its network of licensee partners, and successfully concluded strategic alliances covering key markets, notably Greater China and North America. Furthermore, the Company finalised the renewal of an existing licensing agreement with a long-standing partner in Latin America, one of the key players in the textile industry in this market. These partnerships enable the Company to leverage its partners’ local market intelligence, e-commerce expertise, and established infrastructure and distribution networks to extend market penetration.

The Company continued to diversify its product portfolio by expanding beyond its historical concentration on apparel to unlock incremental revenue opportunities and enhance commercial utilisation of its brand and intellectual property.

During the Year, the Group reported a net loss attributable to Shareholders of the Company (the “Shareholders”) of approximately HK\$21 million, as compared to the net loss attributable to Shareholders of approximately HK\$1,227 million recorded for the financial year ended 31 December 2024 (the “Corresponding Year”), representing a substantial decrease of 98%.

In respect of continuing operations, the Group recorded a net loss of approximately HK\$43 million for the Year, compared to a net loss of approximately HK\$266 million in the Corresponding Year. The reduction was mainly attributable to a substantial decrease in operating expenses from continuing operations. In the Year, the operating expenses fell to approximately HK\$60 million, representing a 80% decrease from the approximately HK\$307 million recorded in the Corresponding Year, after excluding one-off items. These one-off items in the Corresponding Year comprised of (i) impairments on trademarks, right-of-use assets, and property, plant and equipment totalling approximately HK\$103 million, and (ii) impairment of loan to a joint venture and impairment of trade debtors totalling approximately HK\$28 million. The reduction in operating expenses is partially attributable to the cessation of the European trademark licensing business and the corresponding elimination of its associated cost base. Even after accounting for the cessation of the European trademarks licensing business and excluding the impact of the above-mentioned one-off items, the Group’s underlying operating expenses efficiency improved markedly. This demonstrates substantial progress was achieved during the Year in strengthening the cost structure and enhancing working capital efficiency.

In respect of discontinued operations, a net profit of approximately HK\$22 million was recorded for the Year, compared to a net loss of approximately HK\$960 million in the Corresponding Year, thereby further contributing to the net profit attributable to Shareholders. The net profit is attributable to an one-off gain on deconsolidation of the Company’s subsidiary in Canada.

Following the execution of the licensing agreement for Greater China in the first half of 2025, the Group achieved several key milestones. The Group’s licensee partner established a presence on major e-commerce platforms such as Tmall, Douyin and Vip.com during the fourth quarter of 2025, marking an important step in reactivating the brand’s regional digital footprint.

In November 2025, the licensee partner opened its first Asian flagship store in Causeway Bay, Hong Kong, supported by a series of high-impact marketing campaigns that highlights the revitalised brand identity. The launch signaled ESPRIT’s formal re-entry into the market and this represents a significant step in the operations of the new licensing-centric business model in Greater China as a whole.

In North America, the licensee partner is finalising platform onboarding while progressing with the development of the Fall 2026 collection. With a clearly defined roadmap for product launches and channel expansion, the partner is laying a solid foundation for sustainable growth in these highly competitive markets.

With this progress, the Company continues to pursue sustainable growth through this business model, while remaining committed to its roots in traditional retail, e-commerce, and wholesale fashion. It is also exploring potential opportunities within these channels as general conditions improve, while staying alert for new prospects.

FINANCIAL REVIEW

The following financial reviews may incorporate combined financial metrics, as expressly indicated, consolidating the results of both continuing and discontinued operations for analytical clarity. These figures are presented to offer a more comprehensive overview of the Group's aggregate financial performance during the Year, particularly given that discontinued activities constituted a significant component of the Group's total business for the Corresponding Year. These combined figures are explicitly designated as supplementary measures and are not intended to substitute for the Group's statutory financial performance metrics prepared in accordance with International Financial Reporting Standards (IFRS).

Revenue Analysis

Following the Group's top-to-bottom restructuring initiated in 2024, the Year represents a critical inflection point in its strategic shift towards an asset-light, licensing-centric business model. Given it is also the first year of ramping up its licensing business, the Group's revenue for the Year remained modest at approximately HK\$20 million, as compared to approximately HK\$42 million in the Corresponding Year. This decrease is primarily due to the cessation of licensing income from European trademarks, following their transfer to Fasbra SE, a wholly owned subsidiary of Deichmann SE. This transfer was executed as part of the settlement agreement arising from the Court approved self-administration proceedings of the Company's former German subsidiaries. By retaining the trademarks for all regions outside of Europe (except for footwear in the United States), the Group has preserved a strong foundation for the future development and expansion of its licensing business.

During the Year as mentioned above, the Company actively refined its network of licensee partners and successfully concluded strategic alliances covering key markets, notably Greater China and North America. Furthermore, the Company finalised the renewal of an existing licensing agreement with a long-standing partner in Latin America, reinforcing the stability and continuity of its regional presence. Together, these developments strengthened the Company's global licensing platform and supported sustained revenue performance.

Gross Profit Margin

Given the nature of the Group's licensing business, which does not involve direct production, inventory management, or direct retail of products, the cost base associated with generating revenue is minimal. As such, gross profit margin is not considered a relevant metric for financial analysis.

Operating Expenses

During the Year, the operating expenses fell to approximately HK\$60 million, representing an 80% decrease from approximately HK\$307 million recorded in the Corresponding Year, after excluding one-off items. These one-off items in the Corresponding Year comprised of (i) impairments on trademarks, right-of-use assets, and property, plant, and equipment totalling approximately HK\$103 million, and (ii) impairment of loan to a joint venture and impairment of trade debtors totalling approximately HK\$28 million. The reduction in operating expenses is partially attributable to the cessation of the European trademark licensing business and the corresponding elimination of its associated cost base. Even after accounting for the cessation of the European trademarks licensing business and excluding the impact of the above-mentioned one-off items, the Group's underlying operating expense efficiency improved markedly. This demonstrates substantial progress achieved during the Year in strengthening the cost structure and enhancing working capital efficiency. Within total operating expenses, staff costs declined from approximately HK\$101 million in the Corresponding Year to approximately HK\$31 million for the Year, representing a 69% reduction. The decrease was primarily driven by an internal organisational restructuring implemented to optimise operational efficiency and better alignment in the scale of the organisation with the asset-light, licensing-centric business model.

Other operating costs that form part of total operating expenses, decreased significantly from approximately HK\$197 million in the Corresponding Year to approximately HK\$19 million during the Year. This reduction was largely attributable to the fact that net foreign exchange translation losses, arising from the settlement of cross-currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates, decreased to less than HK\$1 million during the Year, compared with approximately HK\$116 million in the Corresponding Year. Moreover, there was a substantial decline in legal and professional fees, which fell from approximately HK\$32 million in the Corresponding Year to approximately HK\$4 million in the Year.

WORKING CAPITAL MANAGEMENT

Inventories

Following the Group's strategic pivot from a high-cost and capital-intensive direct retail business model to an asset-light, licensing-centric business model, the structural elimination of inventory requirements has substantially strengthened the Group's working capital position.

Accounts Receivable

The balance of accounts receivable stood at approximately HK\$5 million as at 31 December 2025 (31 December 2024: approximately HK\$1 million), representing a 550% increase. This increase is attributable, in part, to the timing of settlement associated with recently executed licensing agreements. Fundamentally, this variance reflects the successful execution and resultant expansion of the current business model.

Accounts Payable

The accounts payable balance stood at nil as at 31 December 2025 (31 December 2024: approximately HK\$8 million), representing an 100% reduction. This substantial decrease is principally attributable to two factors: the reclassification of certain payables following the pivot to the current business model, and the settlement of outstanding accounts payable. This reduction is a direct consequence of eliminating the need for inventory maintenance and delegating operational execution, thereby mitigating associated financial and operational risks.

LIQUIDITY AND FINANCIAL RESOURCES ANALYSIS

Net Cash

As at 31 December 2025, total recorded cash, bank balances, and deposits amounted to approximately HK\$55 million (31 December 2024: approximately HK\$79 million), representing a net cash decrease of approximately HK\$24 million. The cash position was primarily impacted by the operating performance of the business (including both continuing and discontinued business) which generated a net cash outflow of approximately HK\$63 million.

Total Interest-Bearing External Borrowings and Gearing Ratio

As at 31 December 2025, the Group's total interest-bearing external borrowings amounted to approximately HK\$126 million (31 December 2024: approximately HK\$109 million). Consequently, the Group's gearing ratio (defined as the percentage of total interest-bearing external borrowings to total assets) increased to 35% as at 31 December 2025, compared to 26% in the prior year. This rise in the gearing ratio is primarily attributable to additional facilities drawn during the Year for working capital purposes. Notwithstanding this, the management remains committed to actively exploring opportunities to expand the capital base through disciplined fundraising efforts. This initiative is strategically aimed at supporting future growth and financing subsequent investment initiatives, in line with the Group's long-term objective of value creation.

Capital structure

On 21 July 2025, the Board proposed to (i) implement a capital reorganisation involving (a) the consolidation of every ten existing issued and unissued shares of par value HK\$0.1 each into one consolidated share of par value HK\$1, (b) the reduction of the paid-up capital of the Company by cancelling HK\$0.9 on each issued consolidated share such that the par value of each issued consolidated share is reduced from HK\$1 to HK\$0.1 and the credit arising therefrom is transferred to the contributed surplus account of the Company, and (c) the sub-division of each authorised but unissued consolidated share of par value HK\$1 into ten new shares of par value HK\$0.1 each (the “Capital Reorganisation”) and (ii) change the board lot size for trading on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 2,500 existing shares to 10,000 new shares (the “Change in Board Lot Size”). The Capital Reorganisation and the transactions contemplated thereunder, along with the Change in Board Lot Size, were subsequently approved by the Shareholders at the special general meeting held on 21 August 2025 and became effective on 25 August 2025. For further details, please refer to the Company’s announcement dated 21 July 2025, the circular dated 5 August 2025, and the poll results announcement dated 21 August 2025.

The Company did not conduct any equity fund raising activities during the Year. As a direct result of the Capital Reorganisation, the total number of issued shares of the Company decreased to 283,081,734 shares, each with a par value of HK\$0.1 as at 31 December 2025 (31 December 2024: 2,830,817,343 shares, each with a par value of HK\$0.1). The Group’s working capital requirements and capital expenditure were primarily funded from cash on hand, internally-generated funds, and long-term borrowings.

Foreign Exchange Risk

The Group operates internationally and is consequently exposed to Foreign Exchange (“FX”) risk arising from various currency fluctuations. Key currencies giving rise to this exposure primarily includes the Euro, Renminbi (RMB), and United States Dollars. FX risk dominantly arises from future commercial transactions and anticipated foreign exchange commitments. To a lesser extent, it stems from recognised monetary assets and liabilities that are denominated in currencies other than the functional currencies of the Group’s entities. The Directors will continue to proactively monitor the foreign exchange exposure, considering appropriate actions necessary to mitigate such risk and protect the Group’s net assets and profitability.

Treasury Policy

The Group adopts a prudent funding and treasury policy in its financial management, aimed at ensuring robust financial stability and adequate liquidity. Cash resources are generally placed in short-term deposits with reputable banks, seeking to minimise risk while optimising yield. These balances are predominantly held in Hong Kong Dollars and United States Dollars. Furthermore, the Group maintains continuous review of its capital structure and proactively monitors current and expected liquidity requirements. This strategy ensures funding arrangements are continuously updated to align with evolving business needs and secure the necessary capital to finance future growth and development initiatives.

Significant Investment and Material Acquisitions and Disposals

Save for those disclosed in this report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the Year (31 December 2024: as disclosed in the Company's announcements dated 25 March 2024, 8 April 2024, 15 May 2024, 31 May 2024, 3 June 2024 and 27 June 2024, two subsidiaries in Switzerland, one in Belgium, seven in Germany, and one in Denmark filed for insolvency, self-administration, and preventive restructuring with the relevant competent courts. Moreover, in the second half of 2024, as disclosed in the Company's announcements dated 22 July 2024, 29 July 2024 and 28 October 2024, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States also initiated insolvency proceedings, were placed into creditors' voluntary liquidation, and filed for bankruptcy with the relevant competent courts).

Capital commitments

As at 31 December 2025, the Group did not have significant capital commitments (31 December 2024: nil).

Charges on Group Assets

As at 31 December 2025, the Group's long-term borrowings were mainly secured by:

- (i) All the undertakings, properties, and assets of three subsidiaries of the Company. The assets held by these subsidiaries included trademarks of the Group, recorded at an aggregate carrying amount of approximately HK\$264 million at the group level as of 31 December 2025 (31 December 2024: approximately HK\$268 million);
- (ii) The shares of two subsidiaries of the Company; and
- (iii) Loan receivables owing to the Group by a joint venture, with the carrying amount of nil million as of 31 December 2025 (31 December 2024: approximately HK\$22 million).

As at 31 December 2025, save for those disclosed elsewhere in this report, the Company had not otherwise charged its assets as collateral (31 December 2024: nil).

Contingent liabilities

As at 31 December 2025, save for those disclosed below or elsewhere in this report, the Company had no other significant contingent liabilities (31 December 2024: nil).

(i) Lease

As at 31 December 2025 and 31 December 2024, the Group was subject to a potential claim stemming from the early termination of a lease agreement, where the relevant subsidiary is subject to ongoing insolvency proceedings. Negotiations are currently underway, but no definitive settlement agreement has been executed as of the date of this report. It is anticipated that the Group's potential exposure in a settlement scenario will not exceed HK\$14 million. The lease deposit provided by the Group to the landlord has already been applied thereby reducing any potential settlement amount.

As at the date of this report, the matter remains under review and is subject to ongoing legal negotiation. No provision has been recognised in the financial statements as the landlord has a duty to take reasonable actions to re-rent the premises to mitigate the compensation amount, and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to proactively monitor the situation and reassess the need for a provision as further information becomes available.

(ii) Legal Proceedings

As disclosed in the announcement dated 8 January 2026, it was recently brought to the attention of the Board that, at the request of the bankruptcy trustee (the "Trustee") of Esprit Europe B.V. ("Esprit Europe"), which is a former subsidiary of the Company, a writ of summons filed with the Amsterdam District Court and unaccompanied by any supporting documents was received by the Company and Million Success Resources Limited ("Million Success"), an indirect wholly-owned subsidiary of the Company. Details of which were disclosed under "IMPORTANT EVENTS AFTER THE END OF THE YEAR" in the Management Discussion and Analysis section of this report.

As at the date of this report, the legal proceedings are still at an early stage, there is uncertainty as to the final outcome of the litigation and the current or future financial impact of the legal proceedings on the Group. No provision has been recognised in the financial statements as, based on the legal advice, the claim has been brought without proper factual merit and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to proactively monitor the situation and reassess the need for a provision as further information becomes available.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 31 full-time equivalent employees ("FTE") as at 31 December 2025 (31 December 2024: approximately 55 FTE). This structural reduction was primarily attributable to an internal organisational restructuring specifically implemented to optimise operational efficiency and better align the scale of the organisation with the asset-light, licensing-centric business model. The Group maintains its fundamental commitment to attracting and retaining high-calibre, competent employees. Remuneration packages are designed to be competitive with the relevant external market, structured to reflect business performance, and calibrated according to prevailing market conditions, ensuring equitable compensation for employee contributions.

DIVIDEND

As the Group recorded a net loss for the Year, the Board has resolved that no final dividend will be declared and paid in respect of the Year. The Board will constantly monitor and review the situation in the coming future.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

As disclosed in the announcement dated on 8 January 2026, it was recently brought to the attention of the Board that, at the request of the Trustee of Esprit Europe, a writ of summons filed with the Amsterdam District Court and unaccompanied by any supporting documents was received by the Company and Million Success.

According to the writ of summons prior to the bankruptcy of Esprit Europe, Esprit Europe transferred to Million Success the shares it held in Esprit (Holdings II) B.V., which was the indirectly co-owner of certain intellectual property rights, with a book value of EUR56.48 million at a purchase price of EUR10.2 million, which was set off against part of the shareholder loan from the Company (the "Shareholder Loan") and assumed by Million Success. Esprit Europe also transferred to the Company intra-group claims of approximately EUR28.2 million and debts of approximately EUR11.3 million for further set-off against the Shareholder Loan. Upon completion of these set-off, the Shareholder Loan balance in excess of EUR49 million remained outstanding. The Trustee alleged that these transactions were detrimental to the interests of the joint creditors of Esprit Europe and requested the Company and Million Success to compensate the resulting damages and bear the costs of the proceedings.

The Company sought legal advice regarding the merit of the legal proceedings and was advised that the jurisdiction of the Kingdom of the Netherlands falls under Schedule 2 of the Foreign Judgments (Reciprocal Enforcement) Ordinance (Cap.319) (“Ordinance”). Therefore, a potential enforcement of a Netherlands judgment must come under the Ordinance. Section 2(2) of the Ordinance precludes the enforcement of foreign judgments regarding the winding up of companies. As such, the claim brought by the Trustee from the Netherlands of the wound-up Esprit Europe would be unenforceable in Hong Kong. The claim has therefore been brought without proper factual merit. The Company is actively taking appropriate measures including legal actions, to protect the legitimate rights of the Company, thereby safeguarding the interests of the Group and shareholders of the Company. As the legal proceedings are still in its early stage, there is uncertainty as to the final outcome of the litigation and the current or future financial impact of the legal proceedings on the Group. For further details, please refer to the announcements of the Company dated 8 January 2026 and 22 July 2024.

OUTLOOK

The operating outlook of the global fashion industry remains divided. While macroeconomic and geopolitical pressures are expected to persist, new business models and continued technological advancements are creating meaningful opportunities for growth. Despite this divergence, many sectors have adjusted to these conditions and increasingly regard this environment as the new normal. McKinsey’s Fashion Growth Forecasts predict that the global fashion industry will record low single-digit growth in the forthcoming year and commensurate with other sectors facing uncertain market conditions. Projections indicate moderate growth rates in the United States and lower anticipated growth in Mainland China market. Continued macroeconomic volatility is anticipated to weigh on consumer sentiment and reinforce prudent, value-conscious purchasing patterns. Notwithstanding short-term market volatility and geopolitical uncertainties, the long-term outlook for the licensing industry remains robust.

The forward trajectory of the fashion licensing sector is positioned to capitalise on rising demand for accessible luxury, quiet luxury, and lifestyle offerings, predicated upon consumer preference for branded propositions that integrate value, quality, and rigorous sustainability standards. Simultaneously, persistent consumer cost consciousness and the expansion of the off-price, private label, and recommerce distribution channels are structurally redefining the positioning and distribution ecosystem for licensed fashion properties. These market dynamics are notably apparent in core licensing markets, specifically Mainland China and the United States, where consumers demonstrate a sustained appetite for branded and premium products, whilst increasingly prioritising value-driven discount formats, resale mechanisms, and circular consumption models.

It is against this background that fashion has emerged as a high-growth segment within the global licensing market, benefiting from structural shifts in consumer demand and changes in entertainment-related spending patterns. The asset-light, licensing-driven model remains an effective strategy, as brand owners can leverage partners’ established manufacturing, distribution and omnichannel capabilities to accelerate market and category expansion while reducing capital commitments and inventory-related risks.

During the Year, the Company achieved significant progress in the execution of its licensing strategy across core geographical segments, progressing from the establishment of foundational commercial agreements in the first half of the Year to concrete market activations launched toward the close of 2025. Throughout this period, decisive focus was maintained on disciplined partner selection, establishing robust contractual frameworks, and fostering alignment between brand equity, operational efficiency, and commercial objectives, thereby supporting successful rollout of the initiatives. These collective efforts now constitute a solid operational platform anticipated to drive meaningful commercial contributions from fiscal year 2026 onwards, with further momentum as more geographical segments transition effectively from initial setup to full operating stage.

Mainland China

The fourth quarter of 2025 marked a successful deployment of our partner entry across principal e-commerce platforms, notably including Tmall, Douyin, and Vip.com. This extensive digital presence constitutes a strategic imperative, given that accelerated expansion of digitalisation remains a powerful driver of licensing sector growth within Mainland China.

In parallel with this digital penetration, our licensee partner is planning to commence the staged rollout of physical retail locations within core Mainland China cities, supplemented by a schedule of multiple pop-up store openings throughout 2026. These physical consumer touchpoints are essential to enhance brand visibility, effectively reinforce the provision of carefully curated and differentiated brand experiences, and cultivate opportunities for deeper consumer engagement and enduring connection.

Hong Kong

The opening of an “ESPRIT” flagship store in Causeway Bay in November 2025 is the first flagship location for the brand in Asia by the licensee partner, which represents an important milestone in the Company’s strategic re-entry into one of its core markets. This launch strengthens the brand’s visibility and supports the execution of the new licensing-led operating model within the region.

The rollout has been supported by a comprehensive marketing programme designed to showcase a revitalised brand identity and reintroduce ESPRIT to local consumers. In addition, the licensee partner initiated the ESPRIT × Mr. Nobodies collaboration in January 2026, with further artists and high-profile partnership initiatives planned. These activities are expected to broaden consumer engagement, revitalise brand relevance, and enhance the impact of ongoing promotional campaigns.

Building on this momentum, the licensee partner opened a second store in Olympian City, West Kowloon, in late March 2026, further strengthening its retail footprint and supporting deeper market penetration in the region.

North America

In the North American market, the licensee partner is currently finalising platform onboarding protocols concurrent with the development of the Fall 2026 collection. This operational commitment, substantiated by a clearly defined strategic roadmap encompassing product launches and commercial expansion, ensures the systematic establishment of a robust operational foundation for sustained long-term growth within these highly competitive segments. The resulting product assortment is strategically engineered for positioning across a diverse spectrum of retail channels, thereby facilitating the capture of market demand across the value, discount, and mid-market consumer tiers.

In summary, 2026 marks the transition of the Company’s focus of establishing its global partnership network to driving revenue growth in its core markets. By leveraging its asset-light, licensing-centric business model, the Company can mitigate many of the macroeconomic and operational risks associated with a traditional direct retail model, while concentrating resources on strengthening brand equity and market positioning. At the same time, the Company remains mindful of its heritage in retail, e-commerce and wholesale. It will continue to assess opportunities in these channels as market conditions improve, in order to maintain flexibility and responsiveness to emerging prospects and market niches.

Corporate Governance Report

The Company is committed to achieving high standards of corporate governance. The Company's Corporate Governance Code (the "CG Code") adopted by the Board of the Company sets out a range of governance principles and practices to direct and guide the business conducts and affairs of the Group. It aims at providing greater transparency, quality of disclosure as well as more effective risk management and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board. The Board will review the current practices at least annually, and make appropriate changes where considered necessary. We believe our commitment in high standard practices will translate into long-term value and ultimately maximising returns to shareholders. Management pledge to building long-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner.

The Board has reviewed the corporate governance practices of the Company. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Year.

The Group is committed to delivering sustainable returns to shareholders while fostering an environment where employees can grow with the Company. The Group pursues long-term sustainability pragmatically, responding to market changes and focusing on lasting value creation for all stakeholders. The Board cultivates a corporate culture aligned with the Group's purpose, values, and strategy. Management actively promotes these values across all staff through clear communication, engagement, and regular updates on strategy and business developments. Every employee helps strengthen this culture. All staff are expected to act with integrity and accountability, in full compliance with legal and ethical principles. The Group's culture and values are embedded in its practices and policies. The Board believes the Group's purpose, values, and strategy are aligned with its culture, and policies are periodically reviewed to ensure consistency with the Group's objectives.

BOARD OF DIRECTORS

Composition of the Board

The Directors of the Company during the Year and up to the date of this report are:

Executive Directors

- Mr. WRIGHT Bradley Stephen
(Acting Chairman)
- Ms. LI Hui
(appointed with effect from 19 December 2025)
- Ms. LIU Jianyi
(appointed with effect from 19 December 2025)
- Ms. CHIU Christin Su Yi
(Chairperson)
(resigned with effect from 19 December 2025)
- Mr. PAK William Eui Won
(Chief Executive Officer and Chief Operating Officer)
(resigned with effect from 19 December 2025)
- Mr. STRIPPOLI Anthony Nicola
(resigned with effect from the close of business on 28 February 2025)

Independent Non-executive Directors

- Ms. LIU Hang-so
- Ms. LIU Tsui Fong
(appointed with effect from the close of business on 28 February 2025)
- Mr. LO Kin Ching Joseph
- Mr. YU Chung Leung
(appointed with effect from 24 January 2025)
- Mr. CHUNG Kwok Pan
(resigned with effect from the close of business on 28 February 2025)
- Mr. GILES William Nicholas
(resigned with effect from 24 January 2025)
- Mr. HA Kee Choy Eugene
(resigned with effect from the close of business on 28 February 2025)

Meetings attended/held

The Board conducts at least four regular Board meetings a year and additional meetings are held as and when required to discuss significant events or important issues. Sufficient notice is given for regular Board meetings to all Directors enabling them to attend and reasonable notice will be given in case of special Board meetings. The Group ensures that appropriate

and sufficient information is provided to Board members in a timely manner to keep them abreast of the Group's latest developments thereby assisting them in the discharge of their duties.

The individual attendance records of each Director at the Board meetings, Board Committees meetings and general meetings of the Company during the Year is set out in the table below:

	Board	Independent Non-executive Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	General Committee	Annual General Meeting
Executive Directors¹								
WRIGHT Bradley Stephen	5/5			0/0		1/1	1/1	1/1
LI Hui (appointed with effect from 19 December 2025)	0/0						0/0	0/0
LIU Jianyi (appointed with effect from 19 December 2025)	0/0						0/0	0/0
CHIU Christin Su Yi (resigned with effect from 19 December 2025)	2/5	1/1		1/2	1/2		1/1	1/1
PAK William Eui Won (resigned with effect from 19 December 2025)	4/5			1/2	1/2		1/1	1/1
STRIPPOLI Anthony Nicola (resigned with effect from the close of business on 28 February 2025)	0/0						0/0	0/0
Independent Non-executive Directors¹								
LIU Hang-so	5/5	1/1		2/2	2/2			1/1
LIU Tsui Fong (appointed with effect from the close of business on 28 February 2025)	5/5	1/1	3/3		2/2	1/1		1/1
LO Kin Ching Joseph	4/5	1/1	3/3	2/2				1/1
YU Chung Leung (appointed with effect from 24 January 2025)	5/5	1/1	3/3	2/2	2/2	1/1		1/1
CHUNG Kwok Pan (resigned with effect from the close of business on 28 February 2025)	0/0	0/0	0/0		0/0	0/0		0/0
GILES William Nicholas (resigned with effect from 24 January 2025)	0/0	0/0	0/0	0/0	0/0	0/0		0/0
HA Kee Choy Eugene (resigned with effect from the close of business on 28 February 2025)	0/0	0/0	0/0			0/0		0/0

Note

- None of the Directors attended the meetings by his/her alternate.

Board meetings and minutes

The Board conducts meetings on a regular and on ad hoc basis of at least four times a year to discuss the overall strategy as well as the operational and financial performance of the Group, and to review and approve the Group's annual and interim results. The Board members are served with notice of at least fourteen days for a regular Board meeting and provided with all agendas and adequate information for their review at least three days before the meetings. For all other Board meetings, reasonable notice should be given.

Minutes of the Board meetings and Board Committees meetings have been recorded in sufficient detail including any matters considered in the meetings, decisions reached and concerns or queries raised by the Directors or dissenting views expressed. Draft and final versions of minutes of meetings of the Board and Board Committees are sent to the Directors or Board Committee members for comments and records respectively within a reasonable time after the meetings. Minutes of meetings of the Board and Board Committees are kept by the Company Secretary, which are open for inspection following reasonable notice by any Director.

Clear distinction between the responsibilities of the Board and management

The Board oversees the overall management of the Group, including oversight of the Group's operations, whilst allowing management substantial autonomy to run and develop the business. The management of the Group is responsible for making decisions relating to normal daily operation of the Group. Decisions reserved for the Board are mainly related to:

- the long-term objectives and strategy of the Group;
- monitoring the performance of management;
- ensuring that appropriate and effective risk management and internal control systems are established and maintained to enable risks to be assessed and managed;
- monitoring the quality and timeliness of external reporting;
- monitoring the policies and practices on the compliance with applicable laws and regulations; and
- approving the Company's policies and practices on corporate governance.

Board independence









The Company currently has four Independent Non-executive Directors, representing more than one-third of the Board. At least one of the Independent Non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Company has received annual confirmation of independence from each Independent Non-executive Director as set out in Rule 3.13 of the Listing Rules and continues to consider each of them to be independent.

To ensure that independent views and input are available to the Board, the Company established the following mechanism:

- The Company has been steered by a Board, comprising at least one-third of Independent Non-Executive Directors. Currently, the Independent Non-executive Directors represent more than one-third of the Board.
- Independent Non-executive Directors are encouraged to provide independent and objective advice on various material decisions at the meetings of the Board and relevant committees by application of their professional capabilities and industrial experiences.
- In assessing the independence of the Independent Non-executive Directors, the Nomination Committee and the Board would consider the character and the judgment demonstrated by the Director's contribution to the Board during the years of services, the relationship with the Group other than being a Director, the past and present directorships and important appointments of the Director outside the Group.
- Directors are provided with sufficient resources and have access to independent professional advice in appropriate circumstances, at the Company's expense, in order to assist the relevant Director(s) to discharge their duties to the Company as and when requested or necessary.

Board effectiveness

The Directors come from diverse business and professional backgrounds appropriate to the requirement of the business of the Company. The Board endeavours to support the expansion of the Board membership by identifying appropriate candidates who will bring further skills, insights and value to the business so that we have a well-balanced composition of Executive Directors and Non-executive Directors.

Gender		Male (43%)
		Female (57%)
Ethnicity		Asian (86%)
		Non-Asian (14%)
Age		39 to 60 years old (71%)
		Over 60 years old (29%)
Length of service		3 years and below (57%)
		Over 3 years (43%)

Note: () denotes relevant percentage out of the total number of Directors

Continuous professional development

Each newly appointed Director receives comprehensive, formal and tailored induction program to ensure that he/she has an overview of the business and operations of the Group and a proper understanding of the Company's CG Code, his/her responsibilities and obligations under the Listing Rules and applicable laws and regulatory requirements.

Continuous professional development programs are provided for Directors to develop and refresh their knowledge, skills and understanding of the business and markets in which the Group operates. All Directors were provided with the Company and industry news, monthly updates, research reports and other reading materials of the Group's business and the industry and regulatory environments in which the Group operates.

Participation in Director's continuous professional development programs during the Year is summarised as follows:

	Attended seminar(s)/ conference(s)/ forum(s)	Read journal(s)/ update(s)/ article(s)/ material(s)
Executive Directors		
WRIGHT Bradley Stephen		✓
LI Hui <i>(appointed with effect from 19 December 2025)</i>	N/A*	N/A*
LIU Jianyi <i>(appointed with effect from 19 December 2025)</i>	N/A*	N/A*
CHIU Christin Su Yi <i>(resigned with effect from 19 December 2025)</i>		✓
PAK William Eui Won <i>(resigned with effect from 19 December 2025)</i>	✓	✓
STRIPPOLI Anthony Nicola <i>(resigned with effect from the close of business on 28 February 2025)</i>		✓
Independent Non-executive Directors		
LIU Hang-so	✓	
LIU Tsui Fong <i>(appointed with effect from the close of business on 28 February 2025)</i>	✓	✓
LO Kin Ching Joseph	✓	✓
YU Chung Leung <i>(appointed with effect from 24 January 2025)</i>	✓	✓
CHUNG Kwok Pan <i>(resigned with effect from the close of business on 28 February 2025)</i>		✓
GILES William Nicholas <i>(resigned with effect from 24 January 2025)</i>		✓
HA Kee Choy Eugene <i>(resigned with effect from the close of business on 28 February 2025)</i>		✓
Company Secretary		
MAN Wai Chuen <i>(appointed with effect from 15 January 2025)</i>	✓	

* Not applicable since the directors were appointed on 19 December 2025.

Acting Chairman and Chief Executive Officer

During the Year, the Chairperson of the Board and the Chief Executive Officer were Ms. CHIU Christin Su Yi and Mr. PAK William Eui Won respectively. Both Ms. CHIU Christin Su Yi and Mr. PAK William Eui Won resigned from their respective positions with effect from 19 December 2025. Following Ms. CHIU Christin Su Yi's resignation, Mr. WRIGHT Bradley Stephen was appointed as Acting Chairman of the Board. The position of Chief Executive Officer remains vacant as of the date of this report and this function has been shared by the Executive Directors of the Company. The role of the Board's Chairperson (and subsequently the Acting Chairman) is to provide leadership in order to enable the Board to discharge its function effectively while the Chief Executive Officer focuses on managing and controlling the business of the Group. The roles of the Board's Acting Chairman and Chief Executive Officer are clearly outlined to ensure there is a key distinction between the two positions and are exercised by different individuals.

Biographical details of the Acting Chairman of the Board, and all the Executive Directors are set out in the section headed "Directors and Senior Management Profile" on pages 36 to 38 of this report.

Non-executive Directors

During the Year, the Non-executive Directors (all of whom are independent) provided the Group with a wide range of expertise and experience. Their active participation in the Board meetings and Board Committees meetings brought independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders of the Company.

Under Bye-law 84 of the Company's Bye-laws, all Directors, including Non-executive Directors, are subject to retirement by rotation and re-election in the annual general meeting (the "AGM") of the Company and each Director is effectively appointed under an average term of not more than three years.

Directors' responsibilities for the consolidated financial statements

The Directors are responsible for overseeing the preparation of the consolidated financial statements for the Year, to ensure that they give a true and fair view of the state of affairs of the Group and of its earnings and cash flows for the Year. In respect of the consolidated financial statements for the Year, the Directors are satisfied that the management has selected appropriate accounting policies, applied them consistently in accordance with the International Financial Reporting Standards and made judgments and estimates that are prudent and reasonable. The Board has reviewed the Group's cash flow forecast prepared by management covering a period of twelve months from 1 January 2026. After considering the plans and measures outlined above, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The Directors are responsible for ensuring the maintenance of proper accounting records, safeguarding of the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor's responsibilities for the consolidated financial statements

The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 39 to 42 of this report.

Our auditor has issued a clean opinion, confirming that the consolidated financial statements present a true and fair view in accordance with the applicable financial reporting framework.

Directors' securities transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the Year.

Board committees

To oversee particular aspects of the Company's affairs and to assist in the execution of its responsibilities, the Board has established five Board Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Management Committee and the General Committee. Terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the respective websites of the Company and HKExnews. The terms of reference are updated from time to time with reference to corporate governance practices in the market and under the Listing Rules. A summary of the membership and responsibilities and duties of each Board Committee performed during the Year is included below.

Audit Committee

Members:

- Mr. LO Kin Ching Joseph (*Chairman*)
(*Independent Non-executive Director*)
- Ms. LIU Tsui Fong
(*Independent Non-executive Director, appointed with effect from the close of business on 28 February 2025*)
- Mr. YU Chung Leung
(*Independent Non-executive Director, appointed with effect from 24 January 2025*)
- Mr. CHUNG Kwok Pan
(*Independent Non-executive Director, resigned with effect from the close of business on 28 February 2025*)
- Mr. GILES William Nicholas
(*Independent Non-executive Director, resigned with effect from 24 January 2025*)
- Mr. HA Kee Choy Eugene
(*Independent Non-executive Director, resigned with effect from the close of business on 28 February 2025*)

Responsibilities include, amongst other things, the following:

- provide an independent review of the effectiveness of the financial reporting process including the adequacy of the resources, qualifications, experience of staff of the accounting, internal audit and financial reporting function, and their training programs and budget;
- review the effectiveness of internal control system, including financial, operational and compliance control and whistleblowing arrangements;
- review the financial information of the Company;
- oversee the audit process and the Company's relations with the auditors; and
- perform other duties as assigned by the Board.

The Audit Committee currently comprises three Independent Non-executive Directors. The Audit Committee met three times during the Year. The attendance record of the Audit Committee members is recorded in the "Meetings attended/held" section above. The Audit Committee is provided with sufficient resources to discharge its duties and meets regularly with management, internal auditors and external auditors and reviews their reports. The Audit Committee also has established a whistleblowing policy and system. Chief Financial Officer, external auditors and internal auditors are invited to attend the meetings to answer questions raised by the Audit Committee.

Duties performed during the Year include, amongst other things, the following:

- reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, and financial reporting matters including the review of the audited results of the Group for the year ended 31 December 2024 and the unaudited results of the Group for the six months ended 30 June 2025;
- reviewed the nature, scope and findings of internal and external audits, and the Company's treasury activities, tax issues and liquidity; and
- reviewed the fees for audit and non-audit services to the external auditors.

The Board did not deviate from the recommendations of the Audit Committee on the selection, appointment, resignation or dismissal of external auditors.

Auditor's remuneration

The Audit Committee has reviewed the fees for audit and non-audit services to the external auditors for the Year. A summary of which is as follows:

Nature of the services	For the financial year ended 31 December 2025	For the financial year ended 31 December 2024
	HK\$ million	HK\$ million
Audit services *	1	5
Non-audit services	-	-
	1	5

* Audit fees charged to the Group for the Year totalled HK\$1,673,000, after deducting a reversal of HK\$276,000 in respect of prior-year overprovision of audit fees, resulting in a net audit fee of HK\$1,397,000.

Internal audit

The Company's internal audit team (the "Internal Audit") reports directly to the Audit Committee. Internal Audit is responsible for performing regular and systematic reviews of the risk management and internal control systems. The reviews provide reasonable assurance that the risk management and internal control systems continue to operate satisfactorily and effectively within the Group and the Company. Where specialist skills are required, Internal Audit may engage an outside professional firm to assist them in their reviews. The attainment of such objectives involves the following activities being carried out by Internal Audit:

- reviewing and appraising the soundness, adequacy and application of operational, financial, compliance and other controls and promoting effective internal control in the Group and the Company;
- appraising the risk management system to ensure the full compliance with the requirements under the risk management policy (the "Risk Management Policy") adopted by the Board;
- ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- ascertaining the extent to which the Group's and the Company's assets are accounted for, managed, and safeguarded from losses of all kinds;
- appraising the reliability and usefulness of information for reporting to management;
- recommending improvements to the existing systems of risk management and internal control; and
- carrying out investigations and special reviews requested by management and/or the Audit Committee.

Nomination Committee

Members:

- Mr. WRIGHT Bradley Stephen (*Chairman, appointed with effect from 19 December 2025*)
(Executive Director)
- Ms. LIU Hang-so
(Independent Non-executive Director)
- Mr. LO Kin Ching Joseph
(Independent Non-executive Director)
- Mr. YU Chung Leung
(Independent Non-executive Director, appointed with effect from 24 January 2025)
- Ms. CHIU Christin Su Yi
(Executive Director, resigned with effect from 19 December 2025)
- Mr. GILES William Nicholas
(Independent Non-executive Director, resigned with effect from 24 January 2025)
- Mr. PAK William Eui Won
(Executive Director, resigned with effect from 19 December 2025)

Responsibilities include, amongst other things, the following:

- review and recommend the structure, size and composition of the Board;
- review and monitor the implementation of the board diversity policy (the "Board Diversity Policy") to ensure its effectiveness (more information on the diversity of the Board is set out in the "Board diversity policy" section below);
- identify and recommend individuals suitably qualified to become Board member(s), selection of candidates for nomination to the Board will be based on merit and contribution the candidates will bring to the Board with due regard to the Board Diversity Policy;
- assess the independence of Independent Non-executive Directors;
- recommend to the Board on relevant matters relating to the appointment or re-election of Directors and succession planning for Directors;
- keep under review the leadership needs of the organisation with a view to ensure the Company can compete effectively in the marketplace; and
- make recommendations concerning membership of the Board Committees, including the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Management Committee and the General Committee.

The Nomination Committee is chaired by the Acting Chairman of the Board. It currently comprises three Independent Non-executive Directors and one Executive Director. During the Year, the Nomination Committee held two meetings. The attendance record of the Nomination Committee members is set out in the "Meetings attended/held" section above.

Duties performed during the Year:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the Independent Non-executive Directors;
- reviewed the implementation of the Board Diversity Policy; and
- provided recommendation to the Board on the re-election of Directors standing for re-election at 2025 AGM.

Board diversity policy

The Board has adopted a Board Diversity Policy setting out the approach to achieve diversity on the Board with the aims of enhancing the quality of its performance and ensuring orderly succession for appointments. The Company considers aspects of board diversity including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the individual will bring to the Board. The implementation of the Board Diversity Policy has been reviewed and monitored regularly by the Nomination Committee to ensure its effectiveness. Any required revisions of the Board Diversity Policy will be recommended by the Nomination Committee to the Board for consideration and approval.

Gender Diversity

The Company's Board Diversity Policy was consistently implemented. As at the date of this report, the Board comprises seven Directors, four of which are female. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Group is satisfactory. The Board targets to maintain the current level of female representation, with the goal of achieving gender parity. The Company believes the balance of gender in the Board would bring innovation and different perspectives to the Board, thus in considering the Board's succession, gender diversity is one of the key factors for the Company to select suitable candidate as a Director.

As at 31 December 2025, approximately 45.2% of the Group's workforce (including senior management) is male and approximately 54.8% is female. Same as the gender diversity of the Board, the Company targets to avoid a single gender workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The Group has also taken, and continues to take steps to promote diversity at all levels of its workforce and will review the gender diversity of the workforce regularly in accordance with the business development of the Group.

Nomination policy

The Board has adopted a nomination policy setting out the key nomination criteria and principles of the Company for nomination of Directors. The Nomination Committee is responsible for reviewing the structure, size and composition (including gender, balance of skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall identify individuals suitably qualified to become Board member(s) and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider the candidates on merit and contribution the candidate will bring to the Board with due regard to the Board Diversity Policy. It has to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the Chief Executive Officer. The Nomination Committee shall take into account the challenges and opportunities facing the Company and therefore, what skills and expertise are needed on the Board in the future.

Nomination procedures

The Nomination Committee is delegated by the Board to identify suitable candidates and evaluate potential candidates based on the Board Diversity Policy.

Once opportunity for Board appointment is identified, there will be scheduled interviews with the suitable candidate. Results of the interviews will be put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will be put forward to the Board for consideration and approval.

In case of re-appointments of members of the Board at the AGM, the Nomination Committee will review the profile of the members of the Board who have offered themselves for re-appointment to consider their suitability in light of the strategy of the Company as well as the structure, size and composition of the Board at that time. The Nomination Committee will then make recommendations for the Board's consideration and the Board will, at its discretion, make recommendations to the shareholders.

Remuneration Committee

Members:

- Ms. LIU Hang-so (Chairman)
(Independent Non-executive Director)
- Ms. LIU Tsui Fong
(Independent Non-executive Director, appointed with effect from the close of business on 28 February 2025)
- Mr. YU Chung Leung
(Independent Non-executive Director, appointed with effect from 24 January 2025)
- Ms. CHIU Christin Su Yi
(Executive Director, resigned with effect from 19 December 2025)
- Mr. CHUNG Kwok Pan
(Independent Non-executive Director, resigned with effect from the close of business on 28 February 2025)
- Mr. GILES William Nicholas
(Independent Non-executive Director, resigned with effect from 24 January 2025)
- Mr. PAK William Eui Won
(Executive Director, resigned with effect from 19 December 2025)

Responsibilities include, amongst other things, the following:

- make recommendations to the Board on the Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- determine specific remuneration packages of all individual Executive Directors and senior management;
- review and approve the compensation payable to Executive Directors and senior management for any loss or termination of their office or appointment;

- make recommendations to the Board on the remuneration packages of individual Executive Directors and Non-executive Directors;
- review and approve management's remuneration proposals with reference to the Board's corporate goals and objectives;
- review the design of share incentive schemes for approval by the Board and shareholders;
- review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
- ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee currently comprises three Independent Non-executive Directors. During the Year, the Remuneration Committee held two meetings. The attendance record of the Remuneration Committee members is set out in the "Meetings attended/held" section above.

During the Year, the Remuneration Committee reviewed the director's fees of individual Executive Directors and Independent Non-executive Directors.

Remuneration policy

The fundamental policy of the Group's remuneration and incentive scheme is to link total compensation of Executive Directors, senior management and employees with reference to the corporate goals and objectives set by the Board. Remuneration package is performance-based and takes into account business performance, market practice and competitive market conditions in order to attract, motivate and retain talent. The Remuneration Committee should consult the Chairman of the Board and/or the Chief Executive Officer about the remuneration proposals for other Executive Directors. The recommended competitive remuneration package comprises salaries and bonus opportunities.

Non-executive Directors are compensated with the aim to fairly represent their efforts and time dedicated to the Board and Board Committee matters and reference is made to the level of remuneration for Non-executive Directors of listed companies with global operation.

Details of remuneration of Directors and senior management, as well as the five highest-paid employees of the Group during the Year are set out in the financial section on pages 82 to 84 of this report.

Risk Management Committee

Members:

- Mr. YU Chung Leung (Chairman)
(Independent Non-executive Director, appointed with effect from 24 January 2025)
- Ms. LIU Tsui Fong
(Independent Non-executive Director, appointed with effect from the close of business on 28 February 2025)
- Mr. WRIGHT Bradley Stephen
(Executive Director)
- Mr. CHUNG Kwok Pan
(Independent Non-executive Director, resigned with effect from the close of business on 28 February 2025)
- Mr. GILES William Nicholas
(Independent Non-executive Director, resigned with effect from 24 January 2025)
- Mr. HA Kee Choy Eugene
(Independent Non-executive Director, resigned with effect from the close of business on 28 February 2025)

Responsibilities include, amongst other things, the following:

- review the effectiveness of the Group's risk management function;
- review and assess the Group's risk appetite annually;
- review and monitor the Group's risk profiles and ensure an appropriate risk control environment is enforced and maintained;
- review and assess the methodologies employed by management to identify, measure, manage and/or control risks that may have an impact on the business in accordance with the Group's risk appetite and the Risk Management Policy;
- review risk management report, which shall include, amongst other things, a confirmation from management on the effectiveness of the risk management system;
- review and assess the Risk Management Policy; and
- review and assess the Company's environmental, social and governance strategy and reporting.

The Risk Management Committee currently comprises two Independent Non-executive Directors and one Executive Director. The Risk Management Committee met one time during the Year. The attendance record of the Risk Management Committee members is set out in the "Meetings attended/held" section above.

Duties performed during the Year:

- reviewed the risk management report; and
- reviewed the key performance indicators of environmental, social and governance report.

The report and recommendations have been submitted to the Board and follow-up action has been taken based on recommendations, which will be monitored by the Board.

The Board has adopted the Risk Management Policy with key objective of ensuring a consistent basis for measuring, controlling, monitoring and reporting risks across the Group at all levels to support the achievement of the organisation's strategic objective. It ensures the implementation of a structured risk management framework across the Group, where the responsibilities for identifying, assessing, and managing risks will be shared with frontline staff or business unit owners on an ongoing basis.

More information about risk management practices of the Group can be found in the "Risk Management and Internal Control" section below.

General Committee

Members:

- Mr. WRIGHT Bradley Stephen
(Executive Director)
- Ms. LI Hui
(Executive Director, appointed with effect from 19 December 2025)
- Ms. LIU Jianyi
(Executive Director, appointed with effect from 19 December 2025)
- Ms. CHIU Christin Su Yi
(Executive Director, resigned with effect from 19 December 2025)
- Mr. PAK William Eui Won
(Executive Director, resigned with effect from 19 December 2025)
- Mr. STRIPPOLI Anthony Nicola
(Executive Director, resigned with effect from the close of business on 28 February 2025)

Responsibilities include, amongst other things, the following:

Discussing, considering and approving routine corporate administrative matters of the Company such as:

- routine administration of the share incentive schemes of the Company;
- issue of new shares upon exercise of share options granted under the share option schemes adopted by the Company;
- implement share repurchase strategy upon approval by the Board in accordance with the delegated authority;
- determine at the request of management any person or persons who may be regarded as “relevant employees” pursuant to the Guidelines Regarding Securities Transactions by Employees of the Company;
- respond to routine enquiries from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) relating to the continuing obligations of the Company under the Listing Rules;
- issue statements regarding unusual movements in price and/or trading volume of the shares of the Company; and
- other administrative matters.

The General Committee currently comprises three Executive Directors. During the Year, the General Committee held one meeting. The attendance record of the General Committee members is set out in the “Meetings attended/held” section above. During the year, the General committee performed duties including approving the change of authorised person for e-submission of publication of documents on HKEXnews website.

CORPORATE GOVERNANCE FUNCTION

The Board has from time to time reviewed the Company’s corporate governance policies and practices and duties of various Board Committees. The Board has not established a corporate governance committee but has performed its duties in respect of the corporate governance functions, including:

- to determine, review and develop the Company’s policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; and
- to review and monitor the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Year, the Board has performed the corporate governance duties in accordance with the CG Code.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for review the risk management and internal control systems to ensure their effectiveness. Risk management is an existing practice of the Company. Previously, the Company’s annual high-level risk assessment exercises were conducted to evaluate the Company’s high-level risks. The Company has implemented the Risk Management Policy to formally outline its risk management and internal control systems used to identify, evaluate and manage significant risks in form of a “Three Lines of Defense Model”. Such systems are aiming at providing reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

First line of defense

The systems begin with management, made up of business unit owners who identify, assess, mitigate and monitor risks as an integral part of the Group's day-to-day operations. Documentation and reporting of the individual risks and their respective risk ratings and controls are done in the form of risk registers which are updated regularly. Members of the senior management whom the business unit owners report into review the risk registers and escalate key risks under their purview to the risk manager.

In addition, management confirms that they have:

- reviewed the risk registers of relevant business units across the Group;
- assessed and documented risks in the risk registers based on the methodologies and the risk parameters stated in the Risk Management Policy; and
- completed the risk registers, established relevant controls, and considered the risk appetite to be appropriate for the Group based on their best knowledge.

Thus, management collectively owns, manages and oversees a magnitude of risks, which represent the first line of defense in the "Three Lines of Defense Model".

Second line of defense

The risk manager is responsible for the implementation and maintenance of risk management processes across the Group. The risk manager should provide training to management on risk assessment methodologies, reviews the Risk Management Policy, and facilitates a regular risk assessment process and timely communication to the Risk Management Committee. Based on management's assessments, the risk manager selects the top ten risks of the Group and reports to the Risk Management Committee. This is the second line of defense in the "Three Lines of Defense Model".

The Risk Management Committee in turn reports to the Board, which determines the Company's risk appetite, evaluates the level of risk the Company is facing and actions should take and monitors and addresses top risks regularly.

Third line of defense

Internal Audit independently appraises the risk management and internal control systems and reports the results and its opinion to the Audit Committee. This process represents the third line of defense in the "Three Lines of Defense Model".

Governing bodies

Based on the report from the Audit Committee, the Board considers the risk management and internal control systems to be satisfactory for the Year and operating effectively and adequately according to the Risk Management Policy.

Procedures for the handling and dissemination of inside information

The Group is committed to complying with Listing Rules, the Securities and Futures Ordinance and other regulatory requirements in relation to the disclosure of inside information. To prevent uneven, inadvertent or selective dissemination of inside information, procedures for the handling and dissemination of inside information are as follows:

- When an employee becomes aware of any actual or potential inside information, he/she must immediately inform his/her department head, who will assess the circumstances and, if considered appropriate, escalate and report it to the management team.
- Meeting of the management team shall be convened to conduct preliminary assessment of the information received.
- The management team reviews and decides whether the information must be disclosed, as well as when and how the information shall be released. If considered appropriate, the management team shall make recommendations to the Board.
- The Board reviews the recommendations of the management team and approves the issue of an announcement and any other documents as appropriate.

COMPANY SECRETARY

The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed, and that the Company's Bye-laws, applicable laws, relevant rules and regulations are complied with. He assists the Chairman of the Board and the Board in implementing and strengthening corporate governance practices and processes of the Company. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary.

The Company Secretary assists the Chairman of the Board in ensuring efficient information flow within the Board and Board Committees and between Directors and senior management. He assists the Chairman of the Board and Chairman of the Board Committees in the development of the agendas for the Board meetings and Board Committee meetings. He also attends and prepares minutes for Board meetings and Board Committee meetings.

During the Year, the Company Secretary of the Company has attended relevant professional seminars to update skills and knowledge. The Company Secretary has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") for the Company. The Dividend Policy aims at providing reasonable and sustainable returns to the shareholders of the Company whilst maintaining a position of financial stability which allows the Company to take advantage of any investment and expansion opportunities that may arise from time to time. The Board maintains the dividend payout ratio of 60% of basic earnings per share. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the Company's earnings performance, financial position, investment and funding requirements, and future prospects. The Board will regularly review the Dividend Policy and will amend and/or modify the Dividend Policy if necessary.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Shareholders' communication policy

The Company has adopted a shareholders' communication mechanism to ensure that shareholders, and in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company.

Having reviewed the implementation and effectiveness of different channels of communication available to the shareholders, and with reference to the shareholders' participation and feedbacks in meetings and corporate activities, the Company considered the shareholders' communication mechanism described above effective during the Year.

Enquiries of shareholders

Enquiries of shareholders can be sent to the Company either by email at esprit-ir@espritholdings.com or by post to the Company's principal place of business in Hong Kong at 13th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. Shareholders can also make enquiries to the Board directly at the general meetings of the Company.

How shareholders can convene a special general meeting

Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company can at all times, by a written requisition to the Board or the Company Secretary to require a special general meeting (“SGM”) to be called by the Board for the transaction of any business or resolution specified in such requisition or to add resolution to the agenda of a general meeting. Such requisition shall be deposited at the Company’s principal place of business in Hong Kong at 13th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong; and such meeting shall be held within two months after the deposit of such requisition. Upon receiving a valid requisition from shareholder(s), the Board shall within twenty-one days of such deposit proceed to convene a SGM. If within twenty-one days of such deposit the Board fails to proceed to convene such SGM, the requisitioner(s), or any of them representing more than one half of the total voting rights of all of them, themselves may convene a SGM, but any SGM so convened shall not be held after the expiration of three months from twenty-one days of the deposit.

Procedures for putting forward proposals at general meeting

Shareholders representing either not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the AGM at the date of the requisition or who are not less than 100 shareholders can submit a written requisition to the Board or the Company Secretary to propose a resolution at the AGM. The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the AGM and contain the signatures of all the requisitioner(s) (which may be contained in one document or in several documents in like form). Such requisition shall be deposited at the Company’s principal place of business in Hong Kong at 13th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong (i) not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution; and (ii) not less than one week before the AGM in the case of any other requisition and be accompanied by a sum of money reasonably sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statement given by the requisitioner(s) to all shareholders in accordance with the requirements under the applicable laws and rules. Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the Company’s headquarters, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Shareholders who wish to put forward proposals at SGMs may achieve so by means of convening a SGM following the procedures as set out in the paragraph above.

If a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should follow the “Procedures for Shareholders to Propose a Person for Election as a Director”, which is posted on the website of the Company.

Voting by poll

The Company's shareholders are adequately informed of their rights and the procedures to demand voting by poll in general meetings at which their approvals are sought through disclosure in the Company's circulars to shareholders.

At the annual general meeting ("2025 AGM") held on 21 August 2025, the Chairperson of the meeting demanded voting by poll on all resolutions put forth at the meeting. The detailed procedures for conducting a poll were explained to the shareholders on commencement of the 2025 AGM. Tricor Secretaries Limited (changed to Tricor Investor Services Limited effective 1 September 2025), the Company's branch share registrar in Hong Kong, was appointed as the scrutineer for voting by poll at the 2025 AGM to ensure the votes were properly counted.

Transparency and disclosure

The Company recognises the importance of interim and non-selective disclosure of information. Latest information of the Company including annual and interim reports, announcements and, constitutional documents, are updated on the Company's Investor Relations website (www.espritholdings.com) in a timely manner.

Maintaining a two-way communication with shareholders is one of the main goals of the Company and the Company's AGM is one platform for shareholders to exchange views directly with the Board. Poll results are made publicly available on the same day of the meeting, typically within a few hours, to ensure the timely disclosure of information.

Constitutional documents

There was no change in the constitutional documents of the Company during the Year.

AMERICAN DEPOSITARY RECEIPT PROGRAM

The Company has established a Level 1 sponsored American Depositary Receipt ("ADR") program with details as stated hereunder. The ADR program has been terminated on 19 March 2026 (U.S. Eastern time). Details of the termination were disclosed in the Company's announcement dated 11 February 2026.

Symbol	ESPGY
CUSIP	29666V204
ISIN	US29666V2043
Ratio	2 ordinary shares: 1 ADR
Country	Hong Kong
Effective Date	05 January 2015
Termination Date	19 March 2026 (U.S. Eastern time)
Depository	Deutsche Bank Trust Company Americas

OTHER STAKEHOLDERS

In addition to its investors, the Company is concerned about other stakeholders and for years has factored in corporate social responsibility into every business decision to the extent practicable. The ESG Report (as defined below) is available on the Stock Exchange's website and the Company's website.

Report of the Directors

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the principal subsidiaries are shown in note 7 to the consolidated financial statements. The Group was principally engaged in the retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known brand names. Despite the cessation of its retail, wholesale, and E-shop operations due to the insolvency proceedings since 2024, the Company remains committed to preserving the global presence of its brands and continues its efforts to maintain and enhance its brand equity. By shifting away from its legacy business model and capital-intensive infrastructure, historically burdened by significant expenditures in sourcing, distribution and retail operations, the Company is now moving towards an asset-light, licensing-centric business model. Furthermore, the Company continues to evaluate potential distribution channels to expand market penetration and diversify revenue streams as well as consider brand portfolio expansion opportunities that align with its long-term vision when strategically suitable.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 43 of this report and in the accompanying notes to the consolidated financial statements.

The Directors maintain the dividend payout ratio of 60% of basic earnings per share. As the Group recorded a net loss for the Year, the Board resolved that no final dividend will be declared and paid (for the year ended 31 December 2024: nil). The Board will constantly monitor and review the situation in the coming future. Relevant information is set out in note 3.4.2 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 46 of this report and in note 2.10.2 to the consolidated financial statements respectively. As at 31 December 2025, there were no distributable reserves available to the shareholders.

BUSINESS REVIEW

A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”), comprising an analysis of the Group’s performance using financial key performance indicators during the Year, description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year as well as indication of likely future development in the business of the Group are set out in the section headed “Management Discussion and Analysis” on pages 2 to 10 of this report.

ENVIRONMENT, SOCIAL AND GOVERNANCE (“ESG”) PERFORMANCE

The Board is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of its business operations and investment of the Company. The Board reviewed its strategic priorities against ESG related risks and ensured appropriate and effective ESG risk management and internal control systems are in place. The Group conducts regular reviews of all operating procedures. The Company’s strategy in ESG management is achieved by applying sustainable practices across various departments, making efficient use of resources, and promoting green awareness within the Group. Due to the suspension of production activities, the Company’s focus is solely on monitoring the environmental performance of the headquarters office in Hong Kong and staff office in Shanghai. During the Year, detailed records of electricity and water consumption, along with waste disposal, have been diligently maintained. The Company acknowledges the pivotal role of energy consumption in mitigating carbon emissions and air pollution, as well as being committed to reducing environmental impact within office operations.

The Board will continue to improve its management approach and implement strategies and processes to evaluate, prioritise, and manage material ESG related issues by continuously monitoring legislations and due diligence standards to create a transparent and sustainable supply chain. At ESPRIT, the Risk Management Committee of the Board and the internal ESG Taskforce are responsible for sustainability, environmental risks, and governance. Details of the Group's ESG practice and performance can be found in the Company's ESG Report for the Year. The report is prepared with reference to the Environmental, Social and Governance Reporting Code ("the HKEX ESG Reporting Code"), as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchanges Limited. The Company's ESG Report for the Year is available on the Company's website (www.espritholdings.com) and the Stock Exchange's website (www.hkexnews.hk).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements and any non-compliance with such requirements could have an adverse impact on the Group's operation. The Group has implemented a system and staff resources to ensure ongoing compliance with laws and regulations. As at the date of this report, the Company has complied with those related to all the relevant laws and regulations, including business ethics, health and safety, employees, customers, and environment, that have a significant impact on the operations of the Group in all material respects.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises human resources as one of its most valuable assets and is committed to the continual personal development of its employees. We had and will continue to strive to provide every employee with opportunities for continuous growth and skill enhancement. Our dedication to fostering a supportive environment ensures that employees can pursue favorable career development opportunities, empowering them to reach their full potential within the organisation.

Under the asset-light licensing-centric business model, the Group emphasises partnerships with licensee partners that possess strong market presence, established infrastructure, networks, and expertise in their territories or specific product categories. This focus is particularly important in countries and regions with large domestic consumer markets. We collaborate closely with these partners to maintain brand image and enhance brand equity, ensuring consistency across licensed products and regions through effective brand stewardship and identity management. By cultivating these partnerships, we aim to drive innovation and responsiveness to market trends, ultimately enhancing customer loyalty and expanding our market share.

Details about the relationships with various stakeholders are disclosed in the ESG Report issued by the Company separately.

Employees and Remuneration Policy

Our employees play a key role in our success and in how we fulfill our responsibilities to all relevant stakeholders including shareholders, our business partners, society, and the environment. The Group continues to invest in our people, ensuring that they are equipped with the right knowledge, skills and experiences to meet the Group's needs. The Group provides staff with a full range of benefits, including a mandatory provident fund and medical insurance.

During the Year, due to an internal restructuring aimed at better aligning the scale of the organisation with the asset-light, licensing-centric business model and optimising operational efficiency, there was a decrease in the number of full-time equivalent staff. The Group maintains its fundamental commitment to attracting and retaining high-calibre, competent employees. Remuneration packages are designed to be competitive with the relevant external market, structured to reflect business performance, and calibrated according to prevailing market conditions, ensuring equitable compensation for employee contributions. Furthermore, the remuneration package of the Directors is determined by the Remuneration Committee, considering the salaries paid by comparable companies, time commitment, responsibilities, the Company's performance and the prevailing market conditions.

Long-term incentive schemes

The Company has a share option scheme to recognise the contribution of certain employees and help to retain them for the Group's operations and further development. As at 31 December 2025, no employee of the Group held any share options under the Company's share option scheme. For details, please refer to the sections of "Share option schemes" below.

SHARE CAPITAL

On 21 July 2025, the Board proposed to (i) implement a capital reorganisation involving (a) the consolidation of every ten existing issued and unissued shares of par value HK\$0.1 each into one consolidated share of par value HK\$1, (b) the reduction of the paid-up capital of the Company by cancelling HK\$0.9 on each issued consolidated share such that the par value of each issued consolidated share is reduced from HK\$1 to HK\$0.1 and the credit arising therefrom is transferred to the contributed surplus account of the Company, and (c) the sub-division of each authorised but unissued consolidated share of par value HK\$1 into ten new shares of par value HK\$0.1 each (the "Capital Reorganisation") and (ii) change the board lot size for trading on the Stock Exchange from 2,500 existing shares to 10,000 new shares (the "Change in Board Lot Size"). The Capital Reorganisation and the transactions contemplated thereunder, together with the Change in Board Lot Size, were subsequently approved by the Shareholders at the special general meeting held on 21 August 2025 and became effective on 25 August 2025. For further details, please refer to the Company's announcement dated 21 July 2025, the circular dated 5 August 2025, and the poll results announcement dated 21 August 2025.

The Company did not conduct any equity fund raising activities during the Year. As a direct result of the Capital Reorganisation, the total number of issued shares of the Company decreased to 283,081,734 shares, each with a par value of HK\$0.1 as at 31 December 2025 (31 December 2024: 2,830,817,343 shares, each with a par value of HK\$0.1).

Details of movements in share capital of the Company are set out in note 2.10.1 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the consolidated results and the consolidated balance sheet of the Group for the last ten financial years is set out on pages 107 to 108 of this report respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 2.6.2 to the consolidated financial statements.

PENSION SCHEMES

Particulars of pension schemes of the Group are set out in notes 2.3.2 and 2.9.2 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out in note 7 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group did not make any charitable donations (2024: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's revenue was derived from four licensee partners, which in aggregate accounted for 100% of the Group's revenue. The largest licensee partner accounted for 40% of the Group's revenue. The Group did not have any major suppliers during the Year.

As far as the Directors are aware, none of the directors, their close associates, within the meaning of the Listing Rules, or those shareholders which, to the knowledge of the Directors, owned more than 5% of the number of issued shares of the Company, had any interest in any of the Group's licensee partners during the Year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year, save for the 2009 Share Option Scheme and the 2018 Share Option Scheme together with the Share Award Scheme (which was terminated in June 2025), all as defined and detailed in sections of "Share option schemes" and "Share award scheme" below.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report are:

Executive Directors

- Mr. WRIGHT Bradley Stephen
(Acting Chairman)
- Ms. LI Hui
(appointed with effect from 19 December 2025)
- Ms. LIU Jianyi
(appointed with effect from 19 December 2025)
- Ms. CHIU Christin Su Yi
(Chairperson)
(resigned with effect from 19 December 2025)
- Mr. PAK William Eui Won
(Chief Executive Officer and Chief Operating Officer)
(resigned with effect from 19 December 2025)
- Mr. STRIPPOLI Anthony Nicola
(resigned with effect from the close of business on 28 February 2025)

Independent Non-executive Directors

- Ms. LIU Hang-so
- Ms. LIU Tsui Fong
(appointed with effect from the close of business on 28 February 2025)
- Mr. LO Kin Ching Joseph
- Mr. YU Chung Leung
(appointed with effect from 24 January 2025)
- Mr. CHUNG Kwok Pan
(resigned with effect from the close of business on 28 February 2025)
- Mr. GILES William Nicholas
(resigned with effect from 24 January 2025)
- Mr. HA Kee Choy Eugene
(resigned with effect from the close of business on 28 February 2025)

In accordance with bye-law 83 of the Company's Bye-laws, Ms. LI Hui and Ms. LIU Jianyi, being Directors appointed by the Board after the previous AGM, will retire from the office at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Under bye-law 84 of the Company's Bye-laws, one-third of the Directors must retire, thus becoming eligible for re-election at each AGM. Furthermore, any Director who was not elected or re-elected at any of the preceding two AGMs must retire, thus becoming eligible for re-election at the AGM. Accordingly, Ms. LIU Hang-so and Mr. WRIGHT Bradley Stephen will retire from office by rotation at the forthcoming AGM and being eligible, will offer themselves for re-election at the forthcoming AGM.

The biographical details of the retiring Directors will be set out in a circular to shareholders of the Company to assist shareholders in making an informed decision on their re-election. None of the Directors standing for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

CHANGES IN DIRECTORSHIP AND OTHER CHANGES IN DIRECTORS INFORMATION

The changes of information of Directors, as notified to the Company, subsequent to the date of the Interim Report for the six months ended 30 June 2025 pursuant to Rule 13.51B(1) of the Listing Rules and change in directorship due to reasons relating Company's affairs are set out as follows:

Directors	Details of changes
Ms. LI Hui	<ul style="list-style-type: none"> appointed as an Executive Director of the Company and a member of the General Committee with effect from 19 December 2025
Ms. LIU Jianyi	<ul style="list-style-type: none"> appointed as an Executive Director of the Company and a member of the General Committee with effect from 19 December 2025
Mr. WRIGHT Bradley Stephen	<ul style="list-style-type: none"> appointed as an Acting Chairman of the Company with effect from 19 December 2025
Ms. LIU Hang-so	<ul style="list-style-type: none"> currently served as Chief Executive Officer for Greater China at Le Creuset
Ms. CHIU Christin Su Yi	<ul style="list-style-type: none"> resigned as an Executive Director of the Company, Chairperson of the Board, Chairperson of the Nomination Committee and a member of each of the Remuneration Committee and General Committee with effect from 19 December 2025
Mr. PAK William Eui Won	<ul style="list-style-type: none"> resigned as an Executive Director of the Company, Chief Executive Officer, Chief Operating Officer, a member of each of the Nomination Committee, Remuneration Committee and the General Committee with effect from 19 December 2025

Save as disclosed above, there is no other information required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' EMOLUMENTS

Particulars of the remuneration of the Directors and senior management for the Year disclosed pursuant to section 383 of the Companies Ordinance and Appendix D2 of the Listing Rules are set out in note 4.1.1 to the consolidated financial statements. In addition to offering competitive remuneration packages and bonuses opportunities to Directors, the Company may also grant share options to Directors and eligible employees based on individual performance as an incentive. The emoluments of the Directors are determined based on the salaries paid by comparable companies, time commitment, responsibilities, and employment conditions elsewhere in the Group. Information about the remuneration policy of the Group is set out in the section headed "Corporate Governance Report" on pages 11 to 38 of this report. No Directors of the Company or its subsidiaries waived or agreed to waive any emoluments.

MATERIAL CONTRACTS

As the Company does not have any controlling shareholder (as defined in the Listing Rules), no contract of significance had been entered into during the Year between the Company or any of its subsidiaries and a controlling shareholder or its subsidiaries.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the Year save as disclosed in section of "Related party transactions and connected transactions" below.

SERVICE CONTRACTS

Ms. LI Hui, Ms. LIU Jianyi and Mr. WRIGHT Bradley Stephen have entered into respective directorship/service contract with the Group while the other Directors have not entered into any service contract with the Group. No Director has an unexpired service contract which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

PERMITTED INDEMNITY PROVISION

The Company's Bye-laws provide that the Directors, secretary and other officers of the Company for the time being shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Such provisions were in force during the course of the Year and remained in force as of the date of this report.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO") as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 of the Listing Rules.

SHARE OPTION SCHEMES

2009 Share Option Scheme

The Company adopted a share option scheme on 10 December 2009, which was terminated on 5 December 2018. Notwithstanding its termination, the share options which were granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules. Particulars of the 2009 Share Option Scheme are set out in note 4.2.1 to the consolidated financial statements. A summary of the movements of the outstanding share options under the 2009 Share Option Scheme during the Year is as follows:

	Date of Grant (dd/mm/yyyy)	Original Exercise Price (HK\$)	Adjusted ¹ Exercise Price (HK\$)	Vesting Date (dd/mm/yyyy)	Exercise Period (dd/mm/yyyy)	Number of share options								
						As at 01/01/2025	Decreased due to adjustment ^b	Granted	Transferred in	Exercised	Transferred out	Lapsed	Forfeited	As at 31/12/2025
Employees	13/10/2015	6.550	62.30	13/10/2018	13/10/2018- 12/10/2025	105,179	94,661	-	-	-	-	10,518	-	-
	31/10/2016	6.870	65.30	31/10/2019	31/10/2019- 30/10/2026	105,179	94,661	-	-	-	10,518	-	-	-
	07/11/2017	4.650	44.20	07/11/2020	07/11/2020- 06/11/2027	105,179	94,661	-	-	-	10,518	-	-	-
	25/06/2018	2.660	25.30	25/06/2021	25/06/2021- 24/06/2028	105,179	94,661	-	-	-	10,518	-	-	-
	In aggregate					420,716	378,644	-	-	-	31,554	10,518	-	-
Others ²	13/10/2015	6.550	62.30	13/10/2018	13/10/2018- 12/10/2025	473,307	425,976	-	-	-	-	47,331	-	-
	31/10/2016	6.870	65.30	31/10/2019	31/10/2019- 30/10/2026	736,255	662,630	-	10,518	-	-	-	-	84,143
	07/11/2017	4.650	44.20	07/11/2020	07/11/2020- 06/11/2027	578,487	520,638	-	10,518	-	-	-	-	68,367
	25/06/2018	2.660	25.30	25/06/2021	25/06/2021- 24/06/2028	841,434	757,291	-	10,518	-	-	-	-	94,661
	28/09/2018	1.884	17.90	28/09/2021	28/09/2021- 27/09/2028	2,629,481	2,366,533	-	-	-	-	-	-	262,948
	In aggregate					5,258,964	4,733,068	-	31,554	-	-	47,331	-	510,119
Total						5,679,680	5,111,712	-	31,554	-	31,554	57,849	-	510,119

Notes:

1. The exercise price per Share payable upon exercise of the outstanding share options granted under the 2009 Share Option Scheme was adjusted (a) on 21 April 2021 as a result of the rights issue effective on that date, and (b) on 25 August 2025 as a result of the capital reorganisation effective on that date. The number of Shares subject to the 2009 Share Option Scheme was also adjusted on 25 August 2025 in connection with the said capital reorganisation. Details of the adjustments were set out in the announcements of the Company dated 20 April 2021 and 21 August 2025.
2. Former employees/directors of the Group who were the employees/directors of the Group at the time of the relevant grants.
3. No share options granted under the 2009 Share Option Scheme were exercised during the Year.
4. No share options were granted to the suppliers of the Group during the Year.

SHARE OPTION SCHEMES (CONTINUED)

2018 Share Option Scheme

The Company adopted a new share option scheme on 5 December 2018. The option mandate limit of the 2018 Share Option Scheme has been refreshed upon the shareholders' approval at the special general meeting of the Company held on 6 July 2021. Particulars of the 2018 Share Option Scheme are set out in note 4.2.1 to the consolidated financial statements. A summary of the movements of the outstanding share options under the 2018 Share Option Scheme during the Year is as follows:

	Date of Grant (dd/mm/yyyy)	Original Exercise Price (HK\$)	Adjusted ¹ Exercise Price (HK\$)	Vesting Date (dd/mm/yyyy)	Exercise Period (dd/mm/yyyy)	Number of share options								As at 31/12/2025
						As at 01/01/2025	Decreased due to adjustment ²	Granted	Transferred in	Exercised	Transferred out	Lapsed	Forfeited	
Employees	10/12/2019	1.604	15.30	19/09/2022	19/09/2022- 09/12/2029	105,179	94,661	-	-	-	10,518	-	-	-
Others ²	10/12/2019	1.604	15.30	19/09/2022	19/09/2022- 09/12/2029	1,262,152	1,135,937	-	10,518	-	-	-	-	136,733
Total						1,367,331	1,230,598	-	10,518	-	10,518	-	-	136,733

Notes:

- The exercise price per Share payable upon exercise of the outstanding share options granted under the 2018 Share Option Scheme was adjusted (a) on 21 April 2021 as a result of the rights issue effective on that date, and (b) on 25 August 2025 as a result of the capital reorganisation effective on that date. The number of Shares subject to the 2018 Share Option Scheme was also adjusted on 25 August 2025 in connection with the said capital reorganisation. Details of the adjustments were set out in the announcements of the Company dated 20 April 2021 and 21 August 2025.
- Former employees/directors of the Group, who were the employees/directors of the Group at the time of the relevant grant.
- No share options granted under the 2018 Share Option Scheme were exercised or lapsed during the Year.
- No share options were granted to the suppliers of the Group during the Year.
- The number of share options available for grant under the 2018 Share Option Scheme mandate as 31 December 2025 was 28,308,173, upon the capital reorganisation taking effect on 25 August 2025 (31 December 2024: 283,081,734).
- As no options were granted during the Year, the number of shares in the Company that may be issued in respect of options granted under the 2018 Share Option Scheme during the Year divided by the weighted average number of shares in the Company in issue for the Year is nil.

SHARE AWARD SCHEME

The Company adopted a share award scheme on 6 July 2021. During the Year, there was no movement of awarded shares for the Share Award Scheme. Moreover, there were no outstanding awarded shares under the Share Award Scheme as at 31 December 2025. As no approval for refreshment of annual limit under the Share Award Scheme was sought at the annual general meeting of the Company held on 19 June 2023, no share awards were available for grant under the Share Award Scheme during the Year and the number of shares in the Company that may be issued in respect of awards granted under the Share Award Scheme during the Year divided by the weighted average number of shares in the Company for the Year is nil.

During the Year, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the Year. On 30 June 2025, the Board resolved to terminate the Share Award Scheme in accordance with the terms of the Share Award Scheme. Such early termination shall not affect any subsisting rights of selected grantees as no awards remain unvested or which have vested but not yet been issued to a selected grantee immediately prior to termination. Upon early termination of the Share Award Scheme on 30 June 2025, apart from the 2009 and 2018 Share Option Schemes, the Company or any of its principal subsidiaries have no other scheme involving issue of new shares as at 31 December 2025 and at the date of this annual report.

ACCOUNTING TREATMENT FOR SHARE OPTIONS AND SHARE AWARDS

Details of accounting treatment for share options and share awards of the Company are set out in note 4.2 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year or at the end of the Year was the Company or its subsidiaries a party to any arrangement that enabled the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2025, the following shareholders had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity	Number of shares (Long position)	Approximate percentage of aggregate interest to total issued share capital
LO Ki Yan Karen ("Ms. LO") (Note 1)	Beneficial owner	42,561,420	28.23%
	Interest in a controlled corporation	37,352,345	
North Point Talent Limited (Note 1)	Beneficial owner	36,478,260	12.89%
Planetree Securities Limited (Note 2)	Beneficial owner	125,000	0.04%
Green River Associates Limited (Note 2)	Beneficial owner	749,085	0.26%

Notes:

- Ms. LO is the sole shareholder of North Point Talent Limited. Therefore, Ms. LO was deemed to be interested in the 36,478,260 shares held by North Point Talent Limited.
- Planetree Securities Limited and Green River Associates Limited are the subsidiary and associate of Planetree International Development Limited, HK stock code 613 ("Planetree"), respectively where Ms. Lo is the substantial shareholder of Planetree and was deemed to be interested in the 125,000 shares and 749,085 shares held by Planetree Securities Limited and Green River Associates Limited, respectively.

Save as disclosed hereinabove, the Company has not been notified by any person who had interest or short position in the shares or underlying shares of the Company as at 31 December 2025 which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws.

PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float as required under the Listing Rules.

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.

CONNECTED TRANSACTIONS

During the year ended 31 December 2025, there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 4.1 to the consolidated financial statements. Those related party transactions did not constitute connected transaction under the Listing Rules.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out on pages 11 to 25 of this report.

AUDITOR

Following the resignation of PricewaterhouseCoopers ("PwC") as auditor of the Company on 3 March 2025, Crowe (HK) CPA Limited ("Crowe") was appointed as the new auditor of the Company with effect from 6 March 2025 to fill the casual vacancy. Crowe was subsequently re-appointed as auditor of the Company by shareholders at the 2025 AGM held on 21 August 2025, and Crowe holds office until the conclusion of the next AGM.

The consolidated financial statements of the Group for the year ended 31 December 2025 and 31 December 2024 were audited by Crowe while the consolidated financial statements for the two preceding years ended 31 December 2023 and 2022 were audited by PwC.

Crowe will retire and being eligible, offer themselves for reappointment at the forthcoming AGM. A resolution for the re-appointment of Crowe as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
ESPRIT HOLDINGS LIMITED

WRIGHT Bradley Stephen
Acting Chairman

Hong Kong, 30 March 2026

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. WRIGHT Bradley Stephen (“Mr. WRIGHT”), aged 60, is the Acting Chairman of the Board and Executive Director of the Company. He has been appointed as an Executive Director of the Company since December 2021. He became Acting Chairman of the Company in December 2025. He is the Chairman of the Nomination Committee, a member of the Risk Management Committee and the General Committee of the Board. He has thirty-three years of experience serving in the Hong Kong Police Force. Mr. WRIGHT joined the then Royal Hong Kong Police Force in 1988 as an Inspector of Police and attained the rank of Chief Superintendent of Police when he reached the prescribed retirement age.

In the early years of his career, Mr. WRIGHT worked in a variety of uniform frontline policing roles such a Patrol Subunit Commander, Police Tactical Unit platoon officer, Assistant Divisional Commander, and a Senior Staff Inspector at Police headquarters. In the late 1990s to early 2000s, Mr. WRIGHT worked in the field of training and professional development before moving to command the Kowloon Internal Investigation Office. In the last ten years of his career Mr. WRIGHT took up a number of command posts, leading up to 1,200 officers, including district commander Marine Outer Waters District, Chief Superintendent Support and District Commander, Mong Kok District from 2018 until retirement. Throughout his career, Mr. WRIGHT was frequently recognised and was awarded five commanding officer’s commendations, one commissioners’ commendation and in the 2021 Hong Kong Special Administrative Region Government honour’s list was awarded the Police Meritorious Service Medal (“PMSM”).

Mr. WRIGHT graduated from London University School of Oriental and African Studies in 1987 and obtained a Bachelor of Arts, with Honours in History and Politics. Committed to lifelong learning, he has continued his learning and has not only completed but also excelled in various trainings including the HKUST Leadership and Public Policy Programme, Ivey Business School – Advanced Public Policy and Management, Stakeholders Engagement in a Volatile Environment and Public Sector Accountability, and University of Michigan – Strategic Innovation.

Ms. LI Hui (“Ms. LI”), aged 45, has been appointed as an Executive Director of the Company since December 2025 and a member of the General Committee since December 2025. In compliance with the Listing Rule 3.09D, Ms. LI obtained the legal advice on 19 December 2025 and confirmed she understood her obligations as a director of the Company. Ms. LI holds a Bachelor of Law in International Economic Law from Dalian Maritime University granted in 2002 and a Master of Laws in International Law from East China University of Political Science and Law granted in 2005. She obtained the PRC Legal Profession Qualification Certificate in 2004 and possesses substantial experience in the legal field. In the past three years, Ms. LI has not served as a director of any publicly listed company on securities markets in Hong Kong or overseas.

Ms. LIU Jianyi, aged 39, has been appointed as an Executive Director of the Company and a member of the General Committee since December 2025. In compliance with the Listing Rule 3.09D, Ms. LIU Jianyi obtained the legal advice on 19 December 2025 and confirmed she understood her obligations as a director of the Company. Ms. LIU Jianyi holds a Master of Business Administration from Cornell University granted in 2014 and a Bachelor of Engineering from The Chinese University of Hong Kong granted in 2010. She has extensive management experience in corporate finance and trading business operations. Ms. LIU Jianyi is an independent non-executive director of Imagi International Holdings Limited (stock code: 585) and Blue River Holdings Limited (stock code: 498) respectively, the shares of which are both listed on The Stock Exchange of Hong Kong Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. LIU Hang-so, aged 61, has been appointed as an Independent Non-executive Director of the Company since January 2021. She is Chairman of the Remuneration Committee with effect from 24 January 2025, and a member of the Nomination Committee of the Board. Ms. LIU Hang-so is a veteran of the consumer goods sector with a specialty in luxury goods. In addition to her strong retail knowledge covering Greater China, Asia Pacific, USA, Japan, Europe and India, she has deep expertise in government affairs, policy and regulation. Ms. LIU Hang-so is currently serving as Chief Executive Officer for Greater China at Le Creuset. Prior to joining Le Creuset, she was the first president for the strategically important China market of DFS Group Limited (“DFS”). She oversaw all of DFS’ operations in Mainland China, including the Times DF x DFS Haikou Mission Hills Duty-Free complex (深圳免税xDFS海口觀瀾湖免税購物城), which was opened in January 2021 by DFS in partnership with Shenzhen Duty Free Group.

Before her tenure at DFS, she spent 13 years of her career in a leading luxury jeweler DeBeers Forevermark, where she was chief executive officer from 2019 to 2021, which was a global role based out of China. She also worked previously with Boston Consulting Group in Hong Kong, as Vice President Merchandising, APAC for Louis Vuitton in Hong Kong, and as general manager for LVMH Watches and Jewelry in Taiwan. Ms. LIU obtained a Bachelor of Arts Degree in Liberal Arts and Sciences from University of Illinois at Chicago in 1986.

Ms. LIU Tsui Fong, aged 53, has been appointed as an Independent Non-executive Director of the Company since February 2025. She is a member of the Audit Committee, the Remuneration Committee and the Risk Management Committee of the Board. In compliance with the Listing Rule 3.09D, Ms. LIU Tsui Fong obtained the legal advice on 28 February 2025 and confirmed she understood her obligations as a director of the Company. Ms. LIU Tsui Fong holds Master of Arts in International Accounting from City University of Hong Kong. Ms. LIU Tsui Fong is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Chartered Governance Institute. Ms. LIU Tsui Fong has over 10 years’ experience in accounting and company secretarial field in Hong Kong. Ms. LIU Tsui Fong was formerly an independent non-executive director of South Shore Holdings Limited (“South Shore”, whose shares were delisted from The Stock Exchange of Hong Kong Limited on 9 February 2023, previous stock code: 00577) from 18 May 2021 to 9 February 2023. She is currently the company secretary of Imagi International Holdings Limited (stock code: 00585) and Oshidori International Holdings Limited (stock code: 00622) respectively.

During the period when Ms. LIU Tsui Fong was an independent non-executive director of South Shore (which was incorporated in Bermuda and its principal activities were investment holding, hotel operation, management contracting, property development management and property investment), compulsory winding up proceedings were initiated against South Shore upon a petition filed in June 2021 by a creditor with the Supreme Court of Bermuda against South Shore for a debt and interest accrued thereunder, in the aggregate amount of approximately HK\$7 million in respect of a term loan facility agreement. South Shore was insolvent and unable to pay its debts.

Mr. LO Kin Ching Joseph (“Mr. LO”), aged 69, has been appointed as an Independent Non-executive Director of the Company since January 2020. He is Chairman of the Audit Committee and a member of the Nomination Committee of the Board. Mr. LO is a chartered certified accountant, fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a certified public accountant, fellow member of the Hong Kong Institute of Certified Public Accountants. He joined Deloitte Touche Tohmatsu (“Deloitte”) in 1980 and was a partner since 1988 until his retirement in 2016. He was chairman of Deloitte Hong Kong from 2006 to 2014 and chairman of Deloitte China from 2008 to 2014. He has 40 years of professional experience in providing auditing, financial advisory, restructuring, insolvency, mergers and acquisitions and initial public offering services.

Mr. LO is a member of the Court of the Hong Kong Polytechnic University, a member of the Hospital Governing Committee of MacLehose Medical Rehabilitation Centre, a member of the College Council of Chu Hai College of Higher Education, Hong Kong, a committee member of the Hong Kong Arts Development Council Fund; a director of Hong Kong Design Centre Limited, and a member of the Finance Committee of M+ Museum. He is an independent non-executive director of ZA Bank Limited. He served as a member of the Standing Commission on Civil Service Salaries and Conditions of Service, Hong Kong from 2013 to 2019. He was a member of the Committee of Overseers of Wu Yee Sun College, the Chinese University of Hong Kong, a member of 10th and 11th of Hebei Provincial Committee of the Chinese People’s Political Consultative Conference (“CPPCC”), an advisor to the China Accounting Standards Committee of the Ministry of Finance of China and a member of the Hospital Governing Committee of Queen Mary Hospital and Tsan Yuk Hospital, Hong Kong. Mr. LO was the chairman and executive director of Bisu Technology Group International Limited (currently known as China Carbon Neutral Development Group Limited) (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 1372) from March 2017 to June 2018. He was also an independent non-executive director of Radisson Hospitality AB (a company formerly listed on the Stock Exchange of Stockholm, Sweden) from May 2017 to March 2019.

Mr. YU Chung Leung (“Mr. YU”), aged 55, has been appointed as an Independent Non-executive Director of the Company since January 2025. He is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee, and Chairman of the Risk Management Committee of the Board. In compliance with the Listing Rule 3.09D, Mr. Yu obtained the legal advice on 24 January 2025 and confirmed he understood his obligations as a director of the Company. Mr. YU has over 30 years of experience in auditing and accounting. He holds a Master of Arts in international accounting from City University of Hong Kong.

Mr. YU is a member and an authorised supervisor of the Hong Kong Institute of Certified Public Accountants. He is a fellow member of The Association of Chartered Certified Accountants, a chartered tax adviser of The Taxation Institute of Hong Kong and a practising certified public accountant in Hong Kong. He is also a member of the Process Review Panel for the Financial Reporting Council. Mr. YU is a partner of Lee & Yu Certified Public Accountants. He was awarded the Chief Executive’s Commendation for Community Service in 2022.

Mr. YU is currently an independent non-executive director of Narnia (Hong Kong) Group Company Limited (stock code: 8607), Oshidori International Holdings Limited (stock code: 622), Blue River Holdings Limited (stock code: 498) and Envision Greenwise Holdings Limited (stock code: 1783), and these 4 companies are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

SENIOR MANAGEMENT

Various businesses and functions of the Company are respectively under the direct responsibilities of the Executive Directors who are regarded as senior management of the Company.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Esprit Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Esprit Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 106, which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated balance sheet of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standard Boards For Accountants' 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 these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Trademarks impairment

Refer to note 2.6.1 "Intangible assets" and Accounting Policies note 6.7 and Critical Accounting Estimates and Judgments in note 3.2.1 to the consolidated financial statements.

The Group has trademarks of HK\$264,451,000 in the consolidated balance sheet as at 31 December 2025.

Trademark with an indefinite useful life is required to be assessed for impairment at least annually or when an impairment indicator exists.

Management performed an impairment assessment over the trademarks by estimating the recoverable amount (being the higher of the fair value less costs of disposal and value-in-use). During the year ended 31 December 2025, no impairment loss had been recognised on the trademarks.

We focused on this area since the assessment for impairment of trademarks requires significant management judgment on the key assumptions used.

How our audit addressed the Key Audit Matter

Our procedures in relation to the management's impairment assessment of the carrying amount of the trademarks included, but were not limited to:

- Understanding management's assessment process of impairment of trademarks;
- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions used in management's estimation of recoverable amounts based on our knowledge of the relevant businesses and industries, other appropriate supporting evidence, and with the involvement of our valuation experts;
- Testing source data to supporting evidence on a sample basis, and considering the reasonableness of the key inputs; and
- Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts.

We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all 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 and will not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Chan Wai Dune, Charles.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 March 2026

Chan Wai Dune, Charles
Certified Public Accountants Practicing Certificate
Number P00712

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

HK\$'000	Notes	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Continuing operations			
Revenue	2.2	20,477	42,007
Cost of sales		-	(1,304)
Gross profit		20,477	40,703
Staff costs	2.3.2	(31,139)	(101,311)
Occupancy costs		(5,487)	-
Logistics expenses		-	(684)
Marketing and advertising expenses		-	(10)
Depreciation of property, plant and equipment	2.6.2	(351)	(1,366)
Depreciation of right-of-use assets	2.3.3	(3,532)	(6,179)
Impairment loss on property, plant and equipment	2.6.2	-	(557)
Impairment loss on right-of-use assets	2.3.4	-	(13,064)
Impairment loss on trademarks	2.3.5	-	(89,786)
Provision for impairment of trade debtors, net	2.7.1	-	(4,948)
Reversal of provision/(provision) for impairment of loan to a joint venture	2.6.6	557	(23,179)
Other income	2.3.6	-	128,591
Other operating costs	2.3.7	(19,207)	(197,003)
Operating loss from continuing operations		(38,682)	(268,793)
Share of losses from a joint venture	2.6.6	-	(5)
Interest income	3.3.5	662	1,104
Finance costs	2.3.8	(4,620)	(1,973)
Loss before taxation from continuing operations		(42,640)	(269,667)
Taxation	2.4	(3)	3,204
Loss from continuing operations		(42,643)	(266,463)
Discontinued operations			
Profit/(loss) from discontinued operations	1.2.3	22,105	(960,332)
Loss attributable to shareholders of the Company		(20,538)	(1,226,795)
		For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss per share for loss attributable to shareholders of the Company			
- basic and diluted	4.3	HK (7.25) cents	HK (433.37) cents
Loss per share from continuing operations			
- basic and diluted	4.3	HK (15.06) cents	HK (94.13) cents
Earnings/(loss) per share from discontinued operations			
- basic and diluted	4.3	HK 7.81 cents	HK (339.24) cents

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK\$'000	Notes	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss from continuing operations		(42,643)	(266,463)
Profit/(loss) from discontinued operations	1.2.3	22,105	(960,332)
Loss attributable to shareholders of the Company		(20,538)	(1,226,795)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation losses from continuing operations		(8,891)	(64,785)
Foreign exchange translation gains from discontinued operations		-	30,097
Recycling of translation reserve from discontinued operations	1.2.2.3	355	(524,857)
Release of capital reserve from discontinued operations		-	(1,809)
		(8,536)	(561,354)
Total comprehensive (loss)/income for the year attributable to shareholders of the Company, net of tax		(29,074)	(1,788,149)
- from continuing operations		(51,534)	(331,248)
- from discontinued operations		22,460	(1,456,901)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

HK\$'000	Notes	As at 31 December 2025	As at 31 December 2024
Non-current assets			
Intangible assets	2.6.1	264,451	267,928
Property, plant and equipment	2.6.2	257	105
Right-of-use assets	2.6.3	1,315	2,456
Financial assets at fair value through profit or loss	2.6.4	110	1,108
Financial assets at fair value through other comprehensive income	2.6.5	217	-
Loans to a joint venture	2.6.6	-	21,443
Deposits		1,547	1,518
		267,897	294,558
Current assets			
Debtors, deposits and prepayments	2.7.1	24,267	34,191
Tax receivable		7,594	8,112
Cash, bank balances and deposits	2.7.2	54,564	79,436
		86,425	121,739
TOTAL ASSETS		354,322	416,297
Current liabilities			
Creditors and accrued charges	2.8.1	30,946	65,907
Lease liabilities	2.8.2	428	16,311
Provisions	2.8.3	1,592	1,288
Tax payable		678	644
		33,644	84,150
Net current assets		52,781	37,589
Total assets less current liabilities		320,678	332,147
Equity			
Share capital	2.10.1	28,308	283,082
Reserves		120,112	(105,588)
		148,420	177,494
Non-current liabilities			
Lease liabilities	2.9.1	919	-
Long-term borrowings	2.9.3	125,687	109,000
Deferred tax liabilities	2.5.1	45,652	45,653
		172,258	154,653
TOTAL LIABILITIES		205,902	238,803
TOTAL EQUITY AND LIABILITIES		354,322	416,297

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Approved by the Board of Directors on 30 March 2026:

WRIGHT Bradley Stephen
Executive Director

LIU Jianyi
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HK\$'000	Share capital	Share premium	Employee share-based payment reserve	Remeasurements of retirement defined benefit obligations	Contributed surplus	Translation reserve	Capital reserve	Accumulated losses	Total Equity
At 31 December 2024	283,082	8,583,359	902,167	-	6,252	(31,362)	-	(9,566,004)	177,494
Exchange translation	-	-	-	-	-	(8,891)	-	-	(8,891)
Recycling of translation reserve	-	-	-	-	-	355	-	-	355
Loss attributable to shareholders of the Company	-	-	-	-	-	-	-	(20,538)	(20,538)
Total comprehensive loss, net of tax	-	-	-	-	-	(8,536)	-	(20,538)	(29,074)
Capital Reduction (note 2.10.1)	(254,774)	-	-	-	254,774	-	-	-	-
At 31 December 2025	28,308	8,583,359	902,167	-	261,026	(39,898)	-	(9,586,542)	148,420

HK\$'000	Share capital	Share premium	Employee share-based payment reserve	Remeasurements of retirement defined benefit obligations	Contributed surplus	Translation reserve	Capital reserve	Accumulated Losses	Total Equity
At 31 December 2023	283,082	8,583,359	902,167	9,311	6,602	528,183	1,459	(8,348,520)	1,965,643
Exchange translation	-	-	-	-	-	(34,688)	-	-	(34,688)
Recycling of translation reserve	-	-	-	-	-	(524,857)	-	-	(524,857)
Release of capital reserve	-	-	-	-	(350)	-	(1,459)	-	(1,809)
Loss attributable to shareholders of the Company	-	-	-	-	-	-	-	(1,226,795)	(1,226,795)
Total comprehensive loss, net of tax	-	-	-	-	(350)	(559,545)	(1,459)	(1,226,795)	(1,788,149)
Deconsolidation of subsidiaries	-	-	-	(9,311)	-	-	-	9,311	-
At 31 December 2024	283,082	8,583,359	902,167	-	6,252	(31,362)	-	(9,566,004)	177,494

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

HK\$'000	Notes	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Cash flows (used in)/from operating activities			
Cash (used in)/generated from operations	2.11	(63,071)	96,712
Overseas tax refund, net		353	4,291
Interest paid		-	(503)
Interest on lease liabilities paid	2.11	(111)	(16,997)
Net cash (used in)/generated from operating activities		(62,829)	83,503
Cash flows from/(used in) investing activities			
Purchase of intangible assets, property, plant and equipment		(369)	(8,202)
Net cash outflow for deconsolidation of subsidiaries	1.2.2.3	(3)	(331,742)
Proceeds from disposal of plant and equipment	2.11	50	2,204
Consideration from disposal of shareholder loan and loan repayment from a joint venture		22,500	7,500
Proceeds from disposal of a club membership		400	-
Loan to a joint venture		(500)	(4,750)
Payments for financial assets at fair value through other comprehensive income		(217)	-
Interest received		16	1,520
Net decrease in bank deposits with maturities of more than three months		-	1,157
Net cash generated from/(used in) investing activities		21,877	(332,313)
Cash flows from/(used in) financing activities			
Payment of lease liabilities	2.11	(693)	(212,668)
Proceeds from borrowings		16,687	129,000
Repayment of borrowings		-	(20,000)
Net cash generated from/(used in) financing activities		15,994	(103,668)
Net decrease in cash and cash equivalents		(24,958)	(352,478)
Cash and cash equivalents at beginning of year		79,436	434,127
Effect of change in exchange rates		86	(2,213)
Cash and cash equivalents at end of year		54,564	79,436
Analysis of balances of cash and cash equivalents			
Bank balances and cash		54,564	79,436
Cash, bank balances and deposits	2.7.2	54,564	79,436
Discontinued operations			
Net cash generated from operating activities		-	57,022
Net cash used in investing activities		-	(336,405)
Net cash used in financing activities		-	(184,396)

For the year ended 31 December 2025, the total cash outflow for leases amounted to HK\$804,000 (for the year ended 31 December 2024: HK\$241,460,000) including variable lease payments (included in occupancy costs) of HK\$ Nil not included in the measurement of lease liabilities (for the year ended 31 December 2024: HK\$11,965,000).

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. Group structure

Esprit Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) were principally engaged in the retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known brand names. The Company is the ultimate parent of the Group. Despite the cessation of its retails, wholesale, and E-shop operations due to the insolvency proceedings since 2024, the Company remains committed to preserving the global presence of its brands and continues its efforts to maintain and enhance its brand equity. By shifting away from its legacy business model and capital-intensive infrastructure, historically burdened by significant expenditures in sourcing, distribution and retail operations, the Company is now moving towards an asset-light, licensing-centric business model.

The Company is a limited liability company incorporated in Bermuda. The registered address is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company has its primary listing on The Stock Exchange of Hong Kong Limited (stock code: 00330).

Different from those financial statements presented in millions of Hong Kong Dollars in prior periods, these consolidated financial statements are presented in thousands of Hong Kong Dollars, unless otherwise stated. The Board considers that this will make the financial statements more understandable against the business scale reduction resulted from the deconsolidation of loss-making subsidiaries, particularly those in Europe, in the previous year. This change affects presentation units only. There is no change to accounting policies, measurement bases or rounding conventions.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2026.

Please refer to note 7 for the principal subsidiaries.

1.2. Basis of the preparation

1.2.1. Going Concern

For the year ended 31 December 2025 (the “Year”), the Group recorded a net loss attributable to shareholders of the Company of HK\$20,538,000 and a net cash outflow of HK\$24,958,000. As at 31 December 2025, the Group’s net current assets were HK\$52,781,000 against long-term borrowings of HK\$125,687,000. Cash, bank balances and deposits amounted to HK\$54,564,000 as at the same date.

During 2024, the Group initiated a comprehensive restructuring to address the historical long term unsustainable cost base and persistent losses under the legacy, capital-intensive retail and distribution model. Following this comprehensive restructuring initiative, the Year represents a critical inflection point in the journey of the Group. To improve the liquidity and ensure sufficient financing for future business development, the Group is in the process of implementing the following plans and measures:

1. The Board continues to evaluate opportunities to strengthen the financial position of the Group and broaden its capital base through equity fundraising initiatives, including but not limited to share placements, rights issues, and other methods, when suitable and advantageous opportunities arise.
2. As at 31 December 2025, the Group had secured total loan facilities of HK\$335,000,000 (31 December 2024: HK\$220,000,000) to finance its general working capital needs. As of 31 December 2025, the Group has drawn down a total of HK\$125,687,000 (31 December 2024: HK\$109,000,000), leaving an unutilised loan facility balance of HK\$209,313,000 (31 December 2024: HK\$111,000,000). The current maturity dates of HK\$200,000,000 loan facility and HK\$135,000,000 loan facility are in February 2027 and September 2026 respectively, unless further extended. Additionally, the Group may pursue further financing from financial institutions with more favourable terms as opportunities arise and when necessary.

1. GENERAL INFORMATION (CONTINUED)**1.2. Basis of the preparation (Continued)****1.2.1. Going Concern (Continued)**

3. The Group remains committed to generating cash inflows from its predominantly licensing business by securing and executing advantageous licensing agreements with financially robust and operationally capable partners. During the Year, the Group extended market coverage across key regions, notably Greater China and North America and renewed its existing licensing agreement with a long-standing partner in Latin America. The Group continues to engage with potential strategic partners to explore licensing opportunities for its brands across various geographic locations and product categories. Furthermore, the Company will continue to evaluate potential distribution channels to expand market penetration and diversify revenue streams. At the same time, the Company continues to implement strategic measures to tighten controls over recurring operating expenses in order to further strengthen profitability.

The Board has reviewed the Group's cash flow forecast prepared by management covering a period of eighteen months from 1 January 2026. After considering the plans and measures outlined above, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within eighteen months from 31 December 2025. The Board is therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

1.2.2. Deconsolidation of subsidiaries**1.2.2.1. Deconsolidation of a subsidiary during 2025**

During the Year, the Group ceased its operations in Canada other than the licensing business following the initiation of the insolvency proceedings by Esprit Canada Retail Limited ("Esprit Canada"), an indirect wholly-owned subsidiary of the Company, on 5 June 2025. Given the Company was no longer considered to have control over Esprit Canada, the financial results of Esprit Canada have been deconsolidated from those of the Group.

1.2.2.2. Deconsolidation of subsidiaries during 2024

It was disclosed in the Company's announcements dated 25 March 2024, 8 April 2024, 15 May 2024, 31 May 2024, 3 June 2024, and 27 June 2024 that two subsidiaries of the Company in Switzerland, one in Belgium, seven in Germany and one in Denmark filed for insolvency, self-administration, and preventive restructuring with the relevant competent courts (collectively the "EU Insolvency Proceedings"). Esprit Europe GmbH ("DEEG") and Esprit Wholesale GmbH ("DEWG"), the German subsidiaries that initiated the EU Insolvency Proceedings in May 2024, are also direct or indirect shareholders of several subsidiaries of the Company incorporated in Europe, such as Esprit De Corp France SAS, Esprit GB Limited, Esprit Handelsgesellschaft m.b.H, Esprit Europe Holdings B.V. and Esprit Poland Retail Sp.z o.o.. The initiation of the EU Insolvency Proceedings by DEEG and DEWG may result in the subsidiaries of these two entities being subject to their own insolvency proceedings in the future.

Furthermore, in the latter half of 2024, as disclosed in the Company's announcements dated 22 July 2024, 29 July 2024, and 28 October 2024, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States also initiated insolvency proceedings, were placed into creditors' voluntary liquidation, and filed for bankruptcy with the relevant competent courts (together with the "EU Insolvency Proceedings", the "Insolvency Proceedings"). Esprit Europe B.V. ("NLEB"), the Dutch subsidiary that initiated the Insolvency Proceedings in July 2024, is not only the shareholder of various European subsidiaries currently undergoing the Insolvency Proceedings, but also the shareholder of Esprit Nederland B.V., Esprit Luxembourg S.à.r.l., Esprit De Corp. (Spain), S.L., and every day counts Limited. The initiation of the Insolvency Proceedings by NLEB may result in these subsidiaries being subject to their own insolvency proceedings in the future.

As of the respective dates, the competent courts handing down their orders for the commencement of respective Insolvency Proceedings over the assets of the aforementioned subsidiaries, the Company was no longer considered to have control over said subsidiaries, as well as their subsidiaries. As a result, the financial results of these subsidiaries, together with the financial results of their respective subsidiaries, have been deconsolidated from those of the Group.

1. GENERAL INFORMATION (CONTINUED)

1.2. Basis of the preparation (Continued)

1.2.2. Deconsolidation of subsidiaries (Continued)

1.2.2.2. Deconsolidation of subsidiaries during 2024 (Continued)

Below is the list of the subsidiaries (together with Esprit Macao and Esprit Chongqing, as defined hereafter, collectively the “Deconsolidated Entities”) were deconsolidated from those of the Group during 2024.

Name of the subsidiary	Nature of the subsidiary
Esprit Switzerland Retail AG	Retail distribution of apparel and accessories
Esprit Belgie Retail N.V.	Retail distribution of apparel and accessories
Esprit Europe GmbH	Management and control function; render of services to Esprit Group
Esprit Europe Services GmbH	Sourcing, purchase and sale of merchandise, distribution of merchandise and other logistic functions, including customs dealing and quality control; holding and licensing of trademarks; and treasury services to European group subsidiaries
Esprit Wholesale GmbH	Wholesale distribution of apparel and accessories
Esprit Card Services GmbH	Issuance, accounting of and service in connection with Gift Card, as provided to certain European group subsidiaries and distribution partners in Europe
Esprit Design & Product Development GmbH	Provision of services to the worldwide Esprit Group in relation to the development of designs, styles and prototypes for the sales line of ESPRIT products
Esprit Global Image GmbH	Design and image directions; conceptualization and development of global uniform image; conceptualization and development of global image direction within product development
Esprit Retail B.V. & Co. KG	Retail and E-commerce distribution of apparel and accessories
Esprit De Corp France SAS	Wholesale and retail distribution of apparel and accessories
Esprit GB Limited	Wholesale distribution of apparel and accessories
Esprit Handelsgesellschaft m.b.H	Wholesale and retail distribution of apparel and accessories
Esprit Europe Holdings B.V.	Investment holding
Esprit GB Retail Limited	Retail distribution of apparel and accessories
Esprit Belgie Wholesale N.V	Wholesale distribution of apparel and accessories
Esprit de Corp. Danmark A/S	Wholesale and retail distribution of apparel and accessories
Esprit Sweden AB	Wholesale and retail distribution of apparel and accessories
Esprit (Norway) A/S	Wholesale distribution of apparel and accessories
Esprit Poland Retail Sp.z o.o.	Retail distribution of apparel and accessories
Esprit Switzerland Distribution AG	Wholesale distribution of apparel and accessories
Esprit Italy Distribution S.R.L.	Wholesale distribution of apparel and accessories
Esprit Europe B.V.	Investment holding, wholesale and retail distribution of apparel and accessories, and licensing of trademarks
Esprit Nederland B.V.	Investment holding
Esprit Luxembourg S.à.r.l.	Retail distribution of apparel and accessories
Esprit De Corp. (Spain), S.L.	Wholesale distribution of apparel and accessories
every day counts Limited	Assets holdings
Esprit Regional Distribution Limited	Wholesale and E-commerce distribution of apparel and accessories and provision of services
Esprit Retail (Hong Kong) Limited	Retail distribution of apparel and accessories
Esprit US Distributions Limited	Wholesale distribution of apparel and accessories and provision of services
Esprit US Retail Inc.	Retail and E-commerce distribution of apparel and accessories
E De Corps M Inc.	Retail distribution of apparel and accessories

1. GENERAL INFORMATION (CONTINUED)

1.2. Basis of the preparation (Continued)

1.2.2. Deconsolidation of subsidiaries (Continued)

1.2.2.2. Deconsolidation of subsidiaries during 2024 (Continued)

Additionally, Esprit Macao Sole Shareholder Limited (“Esprit Macao”), an indirect wholly-owned subsidiary of the Company, had ceased its business operations in 2017, and all its outstanding external liabilities were settled in 2022. Esprit Macao was dissolved and liquidated on 25 March 2024. 重慶埃斯普利特商業有限公司 (“Esprit Chongqing”), an indirect wholly-owned subsidiary of the Company, had ceased its business operations in 2018, and all its outstanding external liabilities were settled. As a result, Esprit Chongqing was deregistered on 23 October 2024.

1.2.2.3. Result from deconsolidation

Whereas the Company no longer has control over Esprit Canada and the Deconsolidated Entities, the financial results of these subsidiaries have been deconsolidated from those of the Group. The effects from the deconsolidation on the consolidated financial statements for 2025 and 2024 are as follows

HK\$'000	At the date of deconsolidation 2025	At the date of deconsolidation 2024
Net liabilities disposed of:		
Intangible assets	-	(148,247)
Property, plant and equipment	-	(2,876)
Right-of-use assets	-	(10,016)
Deferred tax assets	-	(22,892)
Cash, bank balances and deposits	(3)	(331,742)
Other assets	-	(570,861)
Provisions	-	155,030
Debtors, deposits and prepayments	(12,286)	-
Lease liabilities	15,430	1,776,606
Deferred tax liabilities	-	31,309
Creditors and accrued charges	19,319	1,310,522
Carrying amount of net liabilities disposed of	22,460	2,186,833
Recycling of translation reserve	(355)	524,857
Gain on deconsolidation	22,105	2,711,690
Cash outflow from deconsolidation of subsidiaries:		
Cash, bank balances and deposits deconsolidated	(3)	(331,742)

1.2.3. Discontinued operations

During the Year, as mentioned in note 1.2.2.1, the Group ceased its operations in Canada other than the licensing business, following the initiation of the insolvency proceedings by Esprit Canada on 5 June 2025.

As such, the Company's operations in Canada for the Year and the Corresponding Year have been classified and disclosed as discontinued operations.

During the Corresponding Year, the Company's previous operations in Europe, the United States and Hong Kong, were discontinued and have been classified and disclosed as discontinued operations.

The financial performance of the discontinued operations is presented in the following table:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Revenue	-	1,550,548
Expenses	-	(5,250,752)
Gain on deconsolidation	22,105	2,711,690
Profit/(loss) before taxation	22,105	(988,514)
Taxation	-	28,182
Profit/(loss) from discontinued operations, net of tax	22,105	(960,332)
Foreign exchange translation gain from discontinued operations	-	30,097
Basic and diluted earnings/(loss) per share, from discontinued operations (Note 4.3)	HK 7.81 cents	HK (339.24) cents

The comparative consolidated statement of profit and loss and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from continuing operations.

1. GENERAL INFORMATION (CONTINUED)

1.3. Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS, as well as the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“HKCO”) and the applicable disclosure provision of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

1.4. Historical cost convention

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

1.5. Amended standards adopted by the Group

During the Year, the Group has adopted the following amendments to accounting standards effective for the Group’s reporting period beginning on 1 January 2025:

Adopted	Effective date	New standards or amendments
Amendments to IAS 21	1 January 2025	Lack of Exchangeability

The amendment listed above did not result in any material impact on the Group’s consolidated financial statements.

1.6. New and amendments to standards not yet adopted by the Group

Not early adopted	Effective for accounting periods beginning on or after	New standards or amendments
Amendments to IFRS 10 and IAS 28	A date to be determined by IASB	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 9 and IFRS 7	1 January 2026	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	1 January 2026	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7
IFRS 18 and consequential amendments to other IFRS and IAS 1	1 January 2027	Presentation and Disclosure in Financial Statements
IFRS 19 and subsequent amendments	1 January 2027	Subsidiaries without Public Accountability: Disclosures
Amendments to IAS 21	1 January 2027	Translation to a Hyperinflationary Presentation Currency

These standards and amendments listed above have been published that are not mandatory for the Year and have not been early adopted by the Group. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the consolidated financial statements. Except for IFRS 18, these standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

2. PERFORMANCE FOR THE YEAR

2.1. Segment information

2.1.1. Basis for segmentation

The Group was principally engaged in the retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known brand names. Despite the cessation of its retails, wholesale, and E-shop operations due to the insolvency proceedings since 2024, the Company remains committed to preserving the global presence of its brands and continues its efforts to maintain and enhance its brand equity.

By shifting away from its legacy business model and capital-intensive infrastructure, historically burdened by significant expenditures in sourcing, distribution and retail operations, the Company is now moving towards an asset-light, licensing-centric business model. Furthermore, the Company continues to evaluate potential distribution channels to expand market penetration and diversify revenue streams as well as consider brand portfolio expansion opportunities that align with its long-term vision when strategically suitable.

Chief operating decision-maker (the "CODM") has been identified as the executive directors of the Company. Following the strategic corporate restructuring as mentioned above, for the Year, the CODM reviews the Group's internal reporting as a single operating segment, which is the licensing business. Information reported to the CODM, for the purposes of resources allocation and assessment of performance, focused specifically on the revenue and the profit or loss of the Group as a whole. Hence, the directors of the Company consider that the Group has only one single reportable segment and no analysis of segment asset and segment liability is presented.

The comparative figures of segment information for the Corresponding Year have been restated to align with the current Year presentation. The segment information presented in note 2.1 does not include amounts relating to the discontinued operation, which has already been deconsolidated from the Group and classified and disclosed as discontinued operation, as described in note 1.2.2 and 1.2.3 to the consolidated financial statements.

2.1.2. Information about licensing business

For the years ended 31 December 2025 and 2024, all of the Group's revenue from external customers, which are our licensee partners, was derived from the royalty income arising from granting third parties the right to manufacture and sell the ESPRIT products.

2.1.3. Information about major customers

Revenues from external customers, which are our licensee partners, that accounted for 10% or more of the Group's total revenue for the year are as follows:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Continuing operations		
Customer A (note b)	8,118	N/A
Customer B	7,845	7,349
Customer C (note b)	3,772	N/A

Notes:

- Revenue from these three customers is derived from the Group's sole reportable segment.
- The corresponding revenue did not contribute over 10% of the total revenue from the Group for the Corresponding Year.

2.1.4. Geographical information

The Group's licensing revenue from external customers and information about its non-current assets by geographical location are detailed below.

External customers

Revenue from external customers, which are our licensee partners, from continuing operations based on the location of the external customers are located in the following countries or regions.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Continuing operations		
Hong Kong	3,772	3,751
United States	-	1,074
Other countries	16,705	37,182
Total	20,477	42,007

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.1. Segment information (Continued)

2.1.4. Geographical information (Continued)

Non-current assets

Non-current assets other than interest in a joint venture and financial instruments are located in the following countries or regions:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Hong Kong	1,370	1,900
Other countries (note)	264,653	268,589
Total	266,023	270,489

Note: Non-current assets located in other countries include intangible assets of HK\$264,451,000 (31 December 2024: HK\$267,928,000). Other countries mainly include China and the United States.

2.2. Revenue

The following revenue analysis by segment and by geographical location include both continuing and discontinued operations. This presentation is consistent with the current year's disclosure of a single reportable segment and has been reconciled with prior year's representation. Following the Group's strategic corporate restructuring, the Group now has only one single reportable segment as disclosed in note 2.1.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Retail and Wholesale		
Europe	-	935,091
Asia	-	8,465
E-shop	-	583,512
Licensing and others	20,477	65,487
Revenue from external customers total	20,477	1,592,555
- from continuing operations	20,477	42,007
- from discontinued operations	-	1,550,548

Revenue from external customers is attributed to the following countries or regions based on the location in which the sales originated:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Retail and Wholesale		
Germany	-	451,760
Benelux	-	146,304
Switzerland	-	68,608
France	-	67,280
Austria	-	64,844
Spain	-	38,471
Finland	-	27,642
Italy	-	26,297
Sweden	-	13,926
Poland	-	7,108
United Kingdom	-	3,871
Denmark	-	4,865
Others (note)	-	14,115
Europe total	-	935,091
Hong Kong and South Korea	-	8,465
Asia total	-	8,465
Retail and Wholesale total	-	943,556
E-shop		
Germany	-	308,377
Benelux	-	86,185
France	-	36,610
Switzerland	-	54,748
Austria	-	31,587
Denmark	-	7,925
United Kingdom	-	5,902
Poland	-	15,781
Sweden	-	6,555
Czech Republic	-	6,506
Finland	-	5,004
Spain	-	4,444
Italy	-	4,622
Others	-	9,266
E-shop total	-	583,512
Licensing and others		
Germany	-	16,053
Others	20,477	49,434
Licensing and others total	20,477	65,487
Revenue from external customers total	20,477	1,592,555
- from continuing operations	20,477	42,007
Hong Kong	3,772	3,751
United States	-	1,074
Other countries	16,705	37,182
- from discontinued operations	-	1,550,548

Note: Others under Europe include revenue from other countries mainly the United States.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.3. Major profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

2.3.1. Provision/(write-back of provision) for inventories, net

The net realisable value test on inventories was performed at balance sheet date. During the year ended 31 December 2025, no provision was recognised for inventories (for the year ended 31 December 2024: HK\$960,829,000), reflecting the impact of restructuring and the wind-down of discontinued operations.

Provision/(write-back of provision) for inventories was included in "Cost of sales" for discontinued operations in the consolidation statement of profit or loss.

Reversals of previous inventory write-downs were recognised in 2024 primarily due to restructuring at amounts higher than previously estimated net realisable values. These reversals were mainly related to continuing operations.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Provision/(write-back of provision) for inventories, net	-	960,829
- from continuing operations	-	(7,130)
- from discontinued operations	-	967,959

2.3.2. Staff costs

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Continuing operations		
Salaries and wages (including directors' emoluments)	29,460	98,696
Severance payments	1,769	494
Social security costs and other staff costs	(811)	140
Pensions costs of defined contribution plans ¹	721	1,981
Total staff cost from continuing operations	31,139	101,311
Discontinued operations		
Total staff cost from discontinued operations	-	471,278
Total staff costs	31,139	572,589

¹ Defined contribution plan in Hong Kong

The Group principally participates in defined contribution plans. In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme operated by HSBC Provident Fund Trustee (Hong Kong) Limited. For the year ended 31 December 2025, contributions at a fixed rate of 5.0% (for the year ended 31 December 2024: 5.0%) of the employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000 (for the year ended 31 December 2024: HK\$30,000) per employee, are made to the scheme and are vested immediately. The Group also operates several defined contribution retirement plans for its overseas subsidiaries and pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. Contributions to the schemes by the Group and employees are calculated at fixed percentages of employees' basic salaries or at agreed fixed amounts. Under the defined contribution scheme in some countries, where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group. During the year ended 31 December 2025, the Group did not have any contributions forfeited in accordance with the schemes' rules (for the year ended 31 December 2024: nil) which have been applied towards the contributions payable by the Group.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.3. Major profit or loss items (Continued)

2.3.3. Depreciation of right-of-use assets

The consolidated statement of profit or loss comprised the following depreciation charges relating to leases:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Depreciation of right-of-use assets		
Buildings	3,211	168,993
Motor vehicles	-	2,359
Other	321	82
Total depreciation of right-of-use assets	3,532	171,434
- from continuing operations	3,532	6,179
- from discontinued operations	-	165,255

2.3.4. Impairment loss on right-of-use assets

The Group completed an impairment test in accordance with IAS 36 "Impairment of Assets" for its right-of-use assets by comparing the recoverable amount of each cash-generating unit ("CGU") to its carrying amount as at 31 December 2025 and 2024. For the recoverable amount the higher of the value in use or the fair value less costs to sell has been used and calculated as follows:

The value-in-use valuation uses cash flow projections based on financial estimates covering periods that are aligned to the lease terms. As at 31 December 2025, the estimated value in use of the office was determined using pre-tax discount rate of 18.4% (2024: 24.6%).

The impairment loss attributable to the individual CGUs was allocated to the assets in the CGU on a pro rata basis based on the carrying amount of each asset in the CGU but only to the highest of its fair value less cost of disposal, value in use and zero.

For the fair value less cost of disposal valuation, as no quoted prices exists, fair value square meter prices less cost of disposal was assessed by discounting asset-specific market rents for remaining contracts duration with consideration of specific incremental borrowing rates. The discount rates used ("incremental borrowing rates") are time- and country-specific and range between 3.0%-4.7% (2024: 3.0%-4.7%). Prevailing market rent and incremental borrowing rate are predominantly assessed on external sources or latest contracts in place.

During the year ended 31 December 2025, no impairment loss was recognised for right-of-use assets. During the year ended 31 December 2024, the Group recognised an impairment loss of HK\$1,167,728,000 (restated), comprising of HK\$13,064,000 (restated) from continuing operations and HK\$1,154,664,000 (restated) from discontinued operations in relation to right-of-use assets associated with its operations in Europe, the United States, Canada and Hong Kong.

The impairment loss arose due to a strategic decision by management to discontinue operations in Europe, the United States, Canada and Hong Kong, including wholesale, retail and E-shop. The decision was made in response to prolonged underperformance, recurring operating losses, and ongoing challenges in the European market environment, which significantly reduced the future economic benefits expected to be derived from these assets.

As a result of the Insolvency Proceedings, the Group reassessed the recoverable amount of the related right-of-use assets. The recoverable amount, determined based on value in use or fair value less costs of disposal, was lower than the carrying amount, leading to the recognition of an impairment loss.

These events constitute significant adverse changes in the extent and manner of use of the assets, as contemplated under IAS 36, and justify the recognition of an impairment loss in accordance with IAS 36.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.3. Major profit or loss items (Continued)

2.3.4. Impairment loss on right-of-use assets (Continued)

The impairment loss is presented within “Impairment loss on right-of-use assets” in the consolidated statement of profit or loss and is also included in the results of discontinued operations (see note 1.2.3).

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Impairment loss on right-of-use assets	-	1,167,728
- from continuing operations	-	13,064
- from discontinued operations	-	1,154,664

HK\$'000	Recoverable amount	Carrying amount	Impairment loss for the year ended 31 December 2025
Impairment loss on right-of-use assets	1,315	1,315	-

HK\$'000	Recoverable amount	Carrying amount	Impairment loss for the year ended 31 December 2024 (restated)
Impairment loss on right-of-use assets	2,456	1,170,184	(1,167,728)

2.3.5. Impairment loss on trademarks

In accordance with IAS 36 “Impairment of Assets”, the Group completed its annual impairment test for Esprit trademarks by comparing the recoverable amount of the cash-generating unit (CGU) to its carrying amount as at 31 December 2025. During the Year, the Group conducted an impairment assessment of the Esprit trademarks as based on the relief from royalty method. The Group appointed independent professional valuers to conduct an external valuation using cash flow projections based on financial estimates covering a five-year period, pre-tax discount rate of 18.4%. The cash flows beyond the five-year period are extrapolated using a 3% growth rate. For the cash flow projections, the management has set up a rather prudent plan which assumes a difficult market environment for the licensing business. The management is optimistic that future economic conditions may improve in comparison to the reported period 2025, which provides opportunities for revenue growth for the Group.

In 2024, the Group appointed independent professional valuers to conduct an external valuation of the Esprit trademarks based on a fair value less costs to disposal approach as of 31 December 2024. The recoverable amount of the trademarks as at 31 December 2024 was determined using the fair value less costs of disposal approach, applying the market approach, which is categorised within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs. Key assumptions included market multiples derived from comparable transactions, adjusted for differences in brand strength, market positioning, and geographic relevance, and estimated costs of disposal based on industry benchmarks.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.3. Major profit or loss items (Continued)

2.3.5. Impairment loss on trademarks (Continued)

During the year ended 31 December 2025, no impairment loss was recognised following the impairment assessment (for the year ended 31 December 2024: impairment loss of HK\$840,590,000, comprising HK\$89,786,000 from continuing operations and HK\$750,804,000 from discontinued operations) on Esprit's trademarks. During the year ended 31 December 2024, the impairment loss was primarily due to the discontinuation of the Company's wholesale, retail, and E-shop operations in Europe, the United States and Hong Kong. This decision resulted in a reduction of future cash flows expected from the trademarks, which were previously integral to the Company's revenue-generating activities. The impairment was measured based on the recoverable amount of the trademarks, which was determined to be lower than their carrying value.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Impairment loss on trademarks	-	840,590
- from continuing operations	-	89,786
- from discontinued operations	-	750,804

HK\$'000	Recoverable amount ¹	Carrying amount ¹	Impairment loss for the year ended 31 December 2025
Trademarks	264,451	264,451	-

HK\$'000	Recoverable amount ¹	Carrying amount ¹	Impairment loss for the year ended 31 December 2024
Trademarks	267,928	1,108,518	(840,590)

¹ Amounts after conversion into HK Dollar. The original currencies of the trademarks are in US Dollar and Euro.

2.3.6. Other income

These claims relate to the refund of value added tax and interest resulting from the conclusion of tax litigation.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Claims received	-	128,591
- from continuing operations	-	128,591

2.3.7. Other operating costs

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Continuing operations		
Information technology expenses	8,765	8,052
Net foreign exchange translation losses	215	115,792
Legal and professional fees	3,762	31,964
Travelling-related expenses	751	3,878
Insurance	1,771	2,653
Audit fee	1,397	5,211
Loss/(gain) on disposal of property, plant and equipment	8	(1,126)
(Gain)/loss on the change of fair value of financial assets	(286)	1,321
Provision for impairment of other receivables	3,217	-
Other (gain)/loss	(393)	29,258
Total other operating cost from continuing operations	19,207	197,003
Discontinued operations		
Total other operating gain from discontinued operations	(22,105)	(108,604)
Total other operating (gains)/costs	(2,898)	88,399

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.3. Major profit or loss items (Continued)

2.3.8. Finance costs

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Continuing operations		
Interest on lease liabilities	111	108
Interest on borrowings	4,509	1,865
Total finance costs from continuing operations	4,620	1,973
Discontinued operations		
Total finance costs from discontinued operations	-	25,008
Total finance costs	4,620	26,981

There were no borrowing costs being capitalised during the year ended 31 December 2025 (2024: nil).

2.4. Taxation

Amount recognised in the consolidated statement of profit or loss:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Continuing operations		
Current tax		
Overseas tax		
Provision for the current year	-	-
Under-provision in prior years	3	1,013
	3	1,013
Deferred tax		
Other origination and temporary differences	-	(4,217)
Total tax expense/(credit) from continuing operations	3	(3,204)
Discontinued operations		
Total tax credit from discontinued operations	-	(28,182)
Total tax expense/(credit)	3	(31,386)

For the Year, Hong Kong profits tax is calculated at 16.5% (for the year ended 31 December 2024: 16.5%) on the estimated assessable profit for the year, net of tax losses carried forward, if applicable. The deferred tax credit for the Corresponding Year mainly relates to the reversal of temporary differences, including the deconsolidation of subsidiaries under insolvency proceedings.

Overseas (outside of Hong Kong) taxation has been calculated on the estimated assessable profit for the Year at the rates of taxation prevailing in the countries in which the Group companies operate, net of tax losses carried forward, if applicable.

2.5. Reconciliation of effective tax rate

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits/losses of the Group's subsidiaries. For continuing operations, the effective tax rate for the year ended 31 December 2025 was 1.5% (for the year ended 31 December 2024 (restated): 2.7%).

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Continuing operations		
Loss before tax from continuing operations	(42,640)	(269,667)
Tax calculated at applicable tax rates	(660)	(7,176)
Expenses not deductible for tax purposes	1,077	10,770
Non-taxable income	(1,103)	(7,638)
Tax effect of tax losses not recognised	2,829	-
Utilisation of previously unrecognised tax loss	(2,143)	-
Under-provision for prior years, net	3	840
Tax expense/(credit) from continuing operations	3	(3,204)

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.5. Reconciliation of effective tax rate (Continued)

2.5.1. Movement in deferred tax balances

The following are the deferred tax assets/(liabilities) recognised and movements thereon for the year ended 31 December 2025 and the year ended 31 December 2024:

HK\$'000	Accelerated accounting/tax depreciation	Elimination of unrealised profits	Intangible assets	Other deferred tax liabilities	Total
At 1 January 2024	(13,903)	27,333	(74,775)	(24,673)	(86,018)
(Charged)/credited to profit or loss	160	(3,877)	30,747	6,325	33,355
Deconsolidation of subsidiaries	13,731	(22,892)	417	17,161	8,417
Exchange difference recognised in equity	12	(564)	(577)	(278)	(1,407)
At 31 December 2024	-	-	(44,188)	(1,465)	(45,653)
(Charged)/credited to profit or loss	-	-	-	-	-
Deconsolidation of subsidiaries	-	-	-	-	-
Exchange difference recognised in equity	-	-	1	-	1
At 31 December 2025	-	-	(44,187)	(1,465)	(45,652)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

The following amounts, determined after appropriate offsetting, are shown separately on the consolidated balance sheet:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Deferred tax assets	-	-
Deferred tax liabilities	(45,652)	(45,653)
Deferred tax liability, net	(45,652)	(45,653)

At 31 December 2025, the Group had unused tax losses of HK\$814,263,000 (31 December 2024: HK\$997,803,000) available for offset against future taxable profits. Since the Group has suffered losses in this and in the prior year, no deferred tax asset has been recognised in respect of such losses. Unrecognised tax losses include losses in the amount of HK\$69,849,000 (31 December 2024: HK\$253,500,000) that will expire in the next one to ten years. Other losses may be carried forward indefinitely.

For temporary differences associated with investments in subsidiaries in the amount of HK\$46,000 (31 December 2024: HK\$709,000), no deferred income tax liabilities have been recognised. Such amounts are permanently reinvested.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.5. Reconciliation of effective tax rate (Continued)

2.5.2. Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the economy.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to re-measure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the IASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. The Group applied the temporary exception at 31 December 2025.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group has preliminarily assessed the potential exposure based on the latest available tax filings, the country-by-country reporting, and the most recent financial statements for the constituent entities in the Group.

In some of the jurisdictions, the transitional safe harbour relief applies. Based on the assessment carried out so far, some jurisdictions may have an effective tax rate lower than 15%. Since most of these jurisdictions may result in operating losses, the Group currently does not expect exposure to Pillar Two top-up tax in the next reporting period.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets

2.6.1. Intangible assets

The movement of the intangible assets are shown in the table below:

HK\$'000	Trademarks	Switzerland and Italy Goodwill	Intangible assets under development	Software	Customer relationships	Total
Cost						
At 1 January 2025	1,722,583	-	-	-	-	1,722,583
Exchange translation	(41,462)	-	-	-	-	(41,462)
At 31 December 2025	1,681,121	-	-	-	-	1,681,121
Amortisation and Impairment						
At 1 January 2025	(1,454,655)	-	-	-	-	(1,454,655)
Exchange translation	37,985	-	-	-	-	37,985
At 31 December 2025	(1,416,670)	-	-	-	-	(1,416,670)
Net book value						
At 31 December 2025	264,451	-	-	-	-	264,451
Cost						
At 1 January 2024	1,961,979	61,114	69,234	118,620	68,123	2,279,070
Exchange translation	(22,454)	-	(1,410)	(2,398)	(1,377)	(27,639)
Addition	-	-	2,995	-	-	2,995
Derecognition	(216,942)	-	-	-	-	(216,942)
Deconsolidation of subsidiaries	-	(61,114)	(70,819)	(116,222)	(66,746)	(314,901)
At 31 December 2024	1,722,583	-	-	-	-	1,722,583
Amortisation and Impairment						
At 1 January 2024	(820,630)	(61,114)	-	(32,877)	(68,123)	(982,744)
Exchange translation	(10,377)	-	-	662	1,377	(8,338)
Impairment charge	(840,590)	-	-	-	-	(840,590)
- from continuing operations						(89,786)
- from discontinued operations						(750,804)
Amortisation charge	-	-	-	(6,499)	-	(6,499)
- from discontinued operations						(6,499)
Derecognition	216,942	-	-	-	-	216,942
Deconsolidation of subsidiaries	-	61,114	-	38,714	66,746	166,574
At 31 December 2024	(1,454,655)	-	-	-	-	(1,454,655)
Net book value						
At 31 December 2024	267,928	-	-	-	-	267,928

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.2. Property, plant and equipment

Property, plant and equipment consists of the following:

HK\$'000	Leasehold improvements and fixtures	Plant and machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost						
At 1 January 2025	154	-	4,016	2,047	-	6,217
Exchange translation	-	-	95	-	-	95
Additions	-	-	369	-	-	369
Disposals	-	-	(1,936)	-	-	(1,936)
At 31 December 2025	154	-	2,544	2,047	-	4,745
Depreciation and Impairment						
At 1 January 2025	(154)	-	(3,911)	(2,047)	-	(6,112)
Exchange translation	-	-	97	-	-	97
Depreciation for the year	-	-	(351)	-	-	(351)
- from continuing operations						(351)
- from discontinued operations						-
Disposals	-	-	1,878	-	-	1,878
At 31 December 2025	(154)	-	(2,287)	(2,047)	-	(4,488)
Net book value at 31 December 2025	-	-	257	-	-	257

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.2. Property, plant and equipment (Continued)

HK\$'000	Leasehold improvements and fixtures	Plant and machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost						
At 1 January 2024	700,710	244,551	324,787	4,921	100	1,275,069
Exchange translation	(27,884)	(4,940)	(12,577)	(64)	(2)	(45,467)
Additions	1,564	735	1,785	-	1,124	5,208
Disposals	(36,444)	(53)	(14,787)	(308)	-	(51,592)
Adjustment (note)	(24,804)	-	(7,918)	-	-	(32,722)
Deconsolidation of subsidiaries	(612,988)	(240,293)	(287,274)	(2,502)	(1,222)	(1,144,279)
At 31 December 2024	154	-	4,016	2,047	-	6,217
Depreciation and Impairment						
At 1 January 2024	(643,788)	(124,099)	(325,195)	(4,757)	-	(1,097,839)
Exchange translation	16,940	2,505	22,513	64	-	42,022
Depreciation for the year	(13,606)	(14,221)	(7,414)	(140)	-	(35,381)
- from continuing operations						(1,366)
- from discontinued operations						(34,015)
Impairment loss for the year	(30,122)	(102,955)	(557)	(25)	(1,222)	(134,881)
- from continuing operations						(557)
- from discontinued operations						(134,324)
Disposals	32,482	53	12,974	308	-	45,817
Adjustment (note)	24,797	-	7,949	1	-	32,747
Deconsolidation of subsidiaries	613,143	238,717	285,819	2,502	1,222	1,141,403
At 31 December 2024	(154)	-	(3,911)	(2,047)	-	(6,112)
Net book value at 31 December 2024	-	-	105	-	-	105

Note: Adjustment represented the changes in use of certain assets discovered during the deconsolidation.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.2. Property, plant and equipment (Continued)

During the year ended 31 December 2025, no impairment loss was recognised for property, plant and equipment (for the year ended 31 December 2024: HK\$134,881,000, comprising HK\$557,000 from continuing operations and HK\$134,324,000 from discontinued operations).

The impairment loss arose during the year ended 31 December 2024 due to discontinued operations in Europe, including wholesale, retail and E-shop in Europe. The decision was made in response to prolonged underperformance, recurring operating losses, and ongoing challenges in the European market environment, which significantly reduced the future economic benefits expected to be derived from these assets.

As a result of the Insolvency Proceedings, the Group reassessed the recoverable amount of the related property, plant and equipment. The recoverable amount, determined based on value in use or fair value less costs of disposal, was lower than the carrying amount, leading to the recognition of an impairment loss.

These events constitute significant adverse changes in the extent and manner of use of the assets, as contemplated under IAS 36, and justify the recognition of an impairment loss in accordance with IAS 36.

The impairment loss is presented within "Impairment loss on property, plant and equipment" in the consolidated statement of profit or loss and is also included in the results of discontinued operations (see note 1.2.3).

2.6.3. Right-of-use assets

Right-of-use assets consists of the following:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Buildings	194	2,456
Office Equipment	1,121	-
Right-of-use assets total	1,315	2,456

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.3. Right-of-use assets

The following table shows the movements of the right-of-use assets:

HK\$'000	Cost	Accumulated Depreciation	Impairment loss	Net book value
At 1 January 2025	38,845	(9,427)	(26,962)	2,456
Exchange translation	43	(24)	-	19
Additions	3,049	-	-	3,049
Disposals	(8,434)	7,757	-	(677)
Depreciation for the year	-	(3,532)	-	(3,532)
- from continuing operations	-	(3,532)	-	(3,532)
- from discontinued operations	-	-	-	-
Deconsolidation of subsidiaries	(16,677)	2,779	13,898	-
At 31 December 2025	16,826	(2,447)	(13,064)	1,315

HK\$'000	Cost	Accumulated depreciation	Impairment loss	Net book value
At 1 January 2024	3,389,822	(1,750,246)	(359,841)	1,279,735
Exchange translation	(113,360)	60,825	25,757	(26,778)
Additions	139,197	-	-	139,197
Disposals	(113,755)	64,626	8,609	(40,520)
Depreciation for the year	-	(171,434)	-	(171,434)
- from continuing operations	-	(6,179)	-	(6,179)
- from discontinued operations	-	(165,255)	-	(165,255)
Impairment loss for the year	-	-	(1,167,728)	(1,167,728)
- from continuing operations	-	-	(13,064)	(13,064)
- from discontinued operations	-	-	(1,154,664)	(1,154,664)
Deconsolidation of subsidiaries	(3,263,059)	1,786,802	1,466,241	(10,016)
At 31 December 2024	38,845	(9,427)	(26,962)	2,456

The Company's operations in Canada for the Year and the Corresponding Year have been further classified as discontinued operations. The comparative information related to consolidated statement of profit and loss and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from continuing operations. For further information refer to note 1.2.3.

During the year ended 31 December 2025, certain of the Group's lease agreements impose restrictions on subleasing, alterations to leased premises, or usage restrictions. These terms are not expected to significantly restrict the Group's operations.

No right-of-use assets are recognised for low-value or short-term leases. During the year, expenses for leasing low-value assets totaled HK\$33,000 (31 December 2024: nil).

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.4. Financial assets at fair value through profit or loss

The movements in the Group's financial assets at fair value through profit or loss (FVTPL), which mainly comprise club debentures and listed equity securities, are set out below:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Balance at beginning of year	1,108	2,429
Change in fair value	286	(1,321)
Disposal	(1,284)	-
Balance at end of year	110	1,108

As at 31 December 2025, the Group holds

- club debentures with a fair value of HK\$92,000 (31 December 2024: HK\$1,090,000) classified as Level 3 in the fair value hierarchy. The valuation is based on observable open market quotations in a thinly traded market. Due to limited market activity and the absence of frequent price quotes, management has determined that the inputs used are unobservable, and therefore the asset is classified within Level 3 of the fair value hierarchy.
- listed equity securities with a fair value of HK\$18,000 (31 December 2024: HK\$18,000), classified as Level 1, with fair value determined by quoted market prices in active markets.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs that are not based on observable market data.

HK\$'000	As at 31 December 2025	As at 31 December 2024
Level 1	18	18
Level 2	-	-
Level 3	92	1,090
Total	110	1,108

Reconciliation of fair value measurements classified within Level 3:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Balance at beginning of year	1,090	2,429
Gain/(loss) recognised in profit or loss*	286	(1,339)
Disposal	(1,284)	-
Balance at end of year	92	1,090

* Included in "Other operating costs" in the consolidated income statement.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.4. Financial assets at fair value through profit or loss (Continued)

Valuation techniques and inputs

The fair value of club debentures is determined using a market approach based on available market prices for similar debentures in open resale markets. However, due to limited observable transactions and significant variability in resale values depending on transfer restrictions, marketability, and demand, the inputs are considered unobservable. The Group did not change any valuation techniques in determining the level 3 fair values.

Significant unobservable input

Membership quotation price: based on indicative prices from brokers and recent resale transactions, subject to discounts for illiquidity.

Sensitivity analysis

Changes in the unobservable input (i.e. membership quotation) could affect the fair value of the club debenture as follows:

HK\$'000	Impact on profit or loss	
	increase	decrease
31 December 2025		
Membership quotation (±10.0% movement)	9	(9)
31 December 2024		
Membership quotation (±10.0% movement)	109	(109)

During the year ended 31 December 2025, there were no transfers between level 1 and level 2, or transfers into or out of level 3 of the fair value hierarchy (31 December 2024: nil).

2.6.5. Financial assets at fair value through other comprehensive income

These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income (FVOCI). The Group considered this FVOCI category to be an appropriate classification.

The movements in the Group's financial assets at FVOCI, which mainly comprise unlisted equity securities, are set out below:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Balance at beginning of year	-	-
Addition	217	-
Disposal	-	-
Balance at end of year	217	-

As at 31 December 2025, unlisted equity securities with a fair value of HK\$217,000 (31 December 2024: nil) are classified as Level 3 in the fair value hierarchy.

2.6.6. Joint venture

As at 31 December 2025, the Group owns interest in joint venture which is shown in the table below.

Name of joint venture	Place of incorporation/operation	Attributable equity interest to the Group	Issued and fully paid share capital	Principal Activities
Sew Solution Limited	Hong Kong	50%	HK\$10,000,000	Whole garment knitting

The movement of the carrying amount of the interest in a joint venture is shown in the table below.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Balance at beginning of year	-	5
Additions	-	-
Share of loss for the year	-	(5)
Balance at end of year	-	-

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.6. Non-current assets (Continued)

2.6.6. Joint venture (Continued)

Loans to a joint venture consists of the following:

HK\$'000	As at 31 December 2025	As at 31 December 2024
- Interest-free, secured and repayable on demand (note 1)	-	42,122
- Interest bearing, unsecured and repayable within 12 months (note 2)	2,500	2,500
Provision for impairment of loan	(2,500)	(23,179)
Total	-	21,443

Note 1: The interest-free loan was secured by the entire shares of the joint venture held by the third party.

Note 2: Fixed interest rate at 6.0% per annum.

There are no commitments to joint venture as at 31 December 2025 and 2024.

2.7. Current assets

2.7.1. Current debtors, deposits and prepayments

Current debtors, deposits and prepayments consist of the following financial and non-financial positions:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Accounts receivable	18,830	14,508
Less: provision for impairment of accounts receivable	(13,957)	(13,758)
Net accounts receivable	4,873	750
Deposits	261	4,952
Prepayments	2,933	22,133
Other debtors and receivables	16,200	6,356
Total	24,267	34,191

The carrying amounts of debtors and deposits approximate their fair values.

The following table provides information about the exposure to credit risk and expected credit losses for accounts receivable:

HK\$'000 As at 31 December 2025	Accounts receivable gross carrying amount by overdue	Provision for credit- impaired accounts receivable	Provision for non credit- impaired accounts receivable	Expected credit losses total
To 0 days	4,708	-	-	-
1-30 days	165	-	-	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
Over 90 days	13,957	-	13,957	13,957
Total	18,830	-	13,957	13,957

HK\$'000 As at 31 December 2024	Accounts receivable gross carrying amount by overdue	Provision for credit- impaired accounts receivable	Provision for non credit- impaired accounts receivable	Expected credit losses total
To 0 days	750	-	-	-
1-30 days	-	-	-	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
Over 90 days	13,758	-	13,758	13,758
Total	14,508	-	13,758	13,758

Provisions for doubtful debts have been measured at an amount equal to lifetime expected credit losses.

Loss rates are based on actual credit loss experience over the past five years. These rates have been multiplied by country-specific scalar factors to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the accounts receivable.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivable.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.7. Current assets (Continued)

2.7.1. Current debtors, deposits and prepayments (Continued)

The aging analysis by invoice date of accounts receivable net of provision for impairment is as follows:

HK\$'000	As at 31 December 2025	As at 31 December 2024
0-30 days	4,708	750
31-60 days	165	-
61-90 days	-	-
Over 90 days	-	-
Total	4,873	750

The aging analysis by due date of accounts receivable net of provision for impairment is as follows:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Current	4,708	750
1-30 days	165	-
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	-
Total	4,873	750

The Group grants credit period, which is usually 30 to 60 days.

Movements in provision for impairment of accounts receivable are as follows:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Balance at beginning of year	13,758	128,741
Provision for impairment of accounts receivable, net	-	312,591
- from continuing operations	-	4,948
- from discontinued operations	-	307,643
Exchange translation	199	-
Deconsolidation of subsidiaries	-	(427,574)
Balance at end of year	13,957	13,758

2.7.2. Cash, bank balances and deposits

Cash, bank balances and deposits include the following for the purposes of the consolidated statement of cash flows:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Bank balances and cash	54,564	79,436

The effective interest rate on cash, bank balances and deposits for the year was determined to be 0.1% (for the year ended 31 December 2024: 1.1%) per annum.

2.8. Current liabilities

2.8.1. Creditors and accrued charges

HK\$'000	As at 31 December 2025	As at 31 December 2024
Accounts payable	-	8,341
Accruals (note)	17,738	29,955
Contract liabilities	3,909	-
Other payables	9,299	27,611
Total	30,946	65,907

Note:

It includes a provision of HK\$8,203,000 in relation to a dispute with a third party concerning certain invoices.

The aging analysis by invoice date of accounts payable is as follows:

HK\$'000	As at 31 December 2025	As at 31 December 2024
0-30 days	-	219
31-60 days	-	739
61-90 days	-	1
Over 90 days	-	7,382
Total	-	8,341

The carrying amounts of creditors and accrued charges approximate their fair values.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.8. Current liabilities (Continued)

2.8.2. Current lease liabilities

HK\$'000	As at 31 December 2025	As at 31 December 2024
Current lease liabilities	428	16,311

The maturity analysis is included in note 3.3.3.

The discount rates used ("incremental borrowing rates") are time- and country-specific and range between 3.0%-4.7% (2024: 3.0%-4.7%).

2.8.3. Provisions

Provisions consist of the following:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Reinstatement	1,592	1,288
Total	1,592	1,288

Reinstatement provision of HK\$1,592,000 (31 December 2024: HK\$1,288,000) is accounted by the estimated cost for reinstating the status of lease property.

Movements in provisions are as follows:

HK\$'000	As at 31 December 2025	As at 31 December 2024
Balance at beginning of year	1,288	175,237
Amounts used during the year	-	(11,278)
Additions	304	8,103
Releases	-	(10,054)
Reclassified from accruals	-	(1,266)
Exchange translation	-	(4,424)
Deconsolidation of subsidiaries	-	(155,030)
Balance at end of year	1,592	1,288

2.9. Non-current liabilities

2.9.1. Non-current lease liabilities

HK\$'000	As at 31 December 2025	As at 31 December 2024
Non-current lease liabilities	919	-

The maturity analysis is included in note 3.3.3.

2.9.2. Retirement defined benefit obligations

As at 31 December 2025 and 2024, there are no retirement defined benefit obligations recognised as the Group's retirement defined benefit obligations were transferred out due to deconsolidation of subsidiaries in last year.

The movements in the net defined benefit obligations over the year are as follows:

HK\$'000	Present value of obligations	Fair Value of plan assets	Total
At 1 January 2024	90,055	(79,000)	11,055
Deconsolidation of subsidiaries	(90,055)	79,000	(11,055)
At 31 December 2024 and 31 December 2025	-	-	-

There were no plan amendments, curtailments or settlements during the year.

2.9.3. Long-term borrowings

HK\$'000	As at 31 December 2025	As at 31 December 2024
Long-term borrowings:		
- Secured	125,687	109,000

As at 31 December 2025, long-term borrowings of HK\$125,687,000 were mainly secured by:

- i) All the undertakings, properties and assets of three subsidiaries of the Company. The assets held by these subsidiaries include trademarks of the Group with an aggregate carrying amount of HK\$264,451,000 at the Group level as of 31 December 2025;
- ii) The shares of two subsidiaries of the Company; and
- iii) The loan receivables owing by a joint venture to the Group with the carrying amount of nil as at 31 December 2025.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.9. Non-current liabilities (Continued)

2.9.3. Long-term borrowings (Continued)

As at 31 December 2025, all long-term borrowings are repayable within a period of more than one year but not exceeding two years after the end of reporting period and had been classified as non-current liabilities.

As at 31 December 2025, all long-term borrowings are fixed rate borrowings. The average effective interest rate as at 31 December 2025 of long-term borrowings was 6.7% (2024: 10%). The carrying amounts of borrowings are principally denominated in HK\$.

As at 31 December 2025, the Group has undrawn borrowing facilities of HK\$209,313,000 (2024: HK\$111,000,000). The current maturity dates of HK\$200,000,000 loan facility and HK\$135,000,000 loan facility are in February 2027 and September 2026 respectively, unless further extended.

2.10. Equity

2.10.1. Share Capital

	Number of shares of HK\$0.10 each	Number of shares of HK\$1 each	Nominal value HK\$'000
Authorised:			
At 1 January 2024, 31 December 2024 and 1 January 2025	30,000,000,000	-	3,000,000
Share consolidation (note (a)(i))	(30,000,000,000)	3,000,000,000	-
Share sub-division (note (a)(iii))	30,000,000,000	(3,000,000,000)	-
At 31 December 2025	30,000,000,000	-	3,000,000
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025	2,830,817,343	-	283,082
Share consolidation (note (a)(i))	(2,830,817,343)	283,081,734	-
Capital reduction (note (a)(ii))	283,081,734	(283,081,734)	(254,774)
At 31 December 2025	283,081,734	-	28,308

The following transactions occurred in relation to the share capital of the Company:

(a) Capital reorganisation and change in board lot size

On 21 July 2025, the Board of Directors of the Company (the "Board") proposed to:

- Implement a capital reorganisation involving the share consolidation, capital reduction and share sub-division (the "Capital Reorganisation");
- (i) *Share consolidation*
Every ten issued and unissued shares of par value of HK\$0.1 each were consolidated into one consolidated share of par value of HK\$1. Immediately after the share consolidation became effective, the capital reduction and share sub-division were implemented.
- (ii) *Capital reduction*
The par value of each issued consolidated share was reduced from HK\$1 to HK\$0.1 by cancelling the paid-up capital of the Company to the extent of HK\$0.9 on each issued consolidated share.
- (iii) *Share sub-division*
Each authorised but unissued consolidated share (including the authorised unissued consolidated share arising from the capital reduction) of par value of HK\$1 was sub-divided into ten new shares of par value of HK\$0.1 each.
- Change the board lot size for trading on the Stock Exchange from 2,500 existing shares to 10,000 new shares (the "Change in Board Lot Size")

The Capital Reorganisation and the transactions contemplated thereunder, along with the Change in Board Lot Size, were subsequently approved by the shareholders of the Company at the special general meeting held on 21 August 2025 and became effective on 25 August 2025. For further details, please refer to the Company's announcement dated 21 July 2025, the circular dated 5 August 2025, and the poll results announcement dated 21 August 2025.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.10. Equity (Continued)

2.10.1. Share Capital (Continued)

(a) Capital reorganisation and change in board lot size (Continued)

The Company did not conduct any equity fund raising activities during the Year. As a direct result of the Capital Reorganisation, the total number of issued shares of the Company decreased to 283,081,734 shares, each with a par value of HK\$0.1 as at 31 December 2025 (31 December 2024: 2,830,817,343 shares, each with a par value of HK\$0.1). The Group's working capital requirements and capital expenditure were primarily funded from cash on hand, funds generated from operations, and long-term borrowings.

(b) Share options

The Company adopted a share option scheme on 10 December 2009 (the "2009 Share Option Scheme"). The 2009 Share Option Scheme was terminated on 5 December 2018 notwithstanding that the share options which have been granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules of the Stock Exchange.

The Company adopted a new share option scheme on 5 December 2018 (the "2018 Share Option Scheme"). The option mandate limit of the 2018 Share Option Scheme has been refreshed upon the shareholders' approval at the special general meeting of the Company held on 6 July 2021, the details of which were disclosed in the circular of the Company dated 15 June 2021. During the Year, no share options were granted. As at 31 December 2025, the number of share options available for grant under the 2018 Share Option Scheme mandate is 28,308,173, upon the Capital Reorganisation taking effect on 25 August 2025 (31 December 2024: 283,081,734).

(c) Awarded shares

The Company has adopted a share award scheme on 6 July 2021 (the "Share Award Scheme"). The purpose of the Share Award Scheme is to recognise the contributions by certain eligible participants (including any employee, consultant, executive or officers, directors and senior management of any member of the Group), and to provide them incentives; and to attract suitable personnel with relevant experience in the Group's business. The details of the Share Award Scheme were disclosed in the circular of the Company dated 15 June 2021.

As no approval for refreshment of annual limit under the Share Award Scheme was sought at the annual general meeting of the Company held on 19 June 2023, no share awards were available for grant under the Share Award Scheme during the Year and the number of shares in the Company that may be issued in respect of awards granted under the Share Award Scheme during the Year divided by the weighted average number of shares in the Company for the Year is nil. During the Year, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the Year. On 30 June 2025, the Board resolved to terminate the Share Award Scheme in accordance with the terms of the Share Award Scheme. Such early termination shall not affect any subsisting rights of selected grantees as no awards remain unvested or which have vested but not yet been issued to a selected grantee immediately prior to termination. Upon early termination of the Share Award Scheme on 30 June 2025, apart from the 2009 Share Option Scheme and 2018 Share Option Scheme, the Company or any of its principal subsidiaries have no other scheme involving issue of new shares as at 31 December 2025 and at the date of this annual report.

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.10. Equity (Continued)

2.10.2. Reserves

A description of the nature and purpose of each reserve is provided below.

Employee share-based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised,
- the grant date fair value of shares issued to employees, and
- the grant date fair value of deferred shares granted to employees but not yet vested

Remeasurement of retirement defined benefit obligations

Remeasurements of retirement defined benefit obligations comprise:

- actuarial gains and losses,
- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset), and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/(asset).

For further information refer to note 2.9.2.

Contributed surplus

The contributed surplus of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal amount of the share capital issued by the Company arising from the Group reorganisation which became effective on 17 November 1993 and the excess of the value of the shares acquired over the nominal value of the shares issued for the acquisition of Esprit Far East Limited and its subsidiaries on 10 January 1997. Contributed surplus is available for distribution to shareholders under the laws of Bermuda.

Translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Capital reserve

The capital reserve of the Group represents a non-distributable reserve set aside by a subsidiary according to relevant statutory requirements.

No dividends have been declared and paid by the Company during the year (for the year ended 31 December 2024: nil).

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.11. Notes to consolidated statement of cash flows

Reconciliation of loss before taxation to cash (used in)/generated from operations (including both continuing and discontinued operations):

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss before taxation	(20,535)	(1,258,181)
Adjustments for:		
Interest income	(662)	(1,001)
Finance costs	4,620	26,981
Depreciation of property, plant and equipment	351	35,381
Depreciation of right-of-use assets	3,532	171,434
Impairment loss on property, plant and equipment	-	134,881
Impairment loss on right-of-use assets	-	1,167,728
Impairment loss on trademarks	-	840,590
Loss on disposal of property, plant and equipment	8	3,571
Gain on derecognition of right-of-assets	(37)	(1,157)
Provision for inventories, net	-	960,829
Provision for impairment of trade debtors, net	-	312,591
(Reversal of provision)/provision for impairment of loan to a joint venture	(557)	23,179
Gain on deconsolidation	(22,105)	(2,711,690)
(Gain)/loss on the change of fair value of financial assets	(286)	1,321
Amortisation of software	-	6,499
Net exchange gain	(6,650)	(31,943)
Loss before taxation after adjustments	(42,321)	(318,987)
Change in working capital		
Decrease in inventories	-	343,444
(Increase)/decrease in debtors, deposits and prepayments	(1,398)	205,416
Decrease in creditors and accrued charges	(19,352)	(133,161)
Cash (used in)/generated from operations	(63,071)	96,712

Proceeds from disposal of property, plant and equipment

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprised:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Net book value	58	5,775
Loss on disposal of property, plant and equipment	(8)	(3,571)
Proceeds from disposal of property, plant and equipment	50	2,204

Cash flows from financing activities

The table below shows the reconciliation of movements of liabilities to cash flows arising from financing activities:

HK\$'000	Borrowings	Lease Liabilities	Total
Balance at 1 January 2025	109,000	16,311	125,311
Payment of lease liabilities	-	(804)	(804)
- payments of lease liabilities	-	(693)	(693)
- interests	-	(111)	(111)
Exchange translation	-	(1,177)	(1,177)
Other changes	16,687	(12,983)	3,704
- Deconsolidation of subsidiaries	-	(15,430)	(15,430)
- Additions	16,687	3,049	19,736
- Interest expense	-	111	111
- Disposals	-	(713)	(713)
Balance at 31 December 2025	125,687	1,347	127,034

HK\$'000	Borrowings	Lease liabilities	Total
Balance at 1 January 2024	-	1,955,161	1,955,161
Payment of lease liabilities	-	(229,495)	(229,495)
- payments of lease liabilities	-	(205,634)	(205,634)
- interests	-	(23,861)	(23,861)
Exchange translation	-	(54,129)	(54,129)
Other changes	109,000	(1,655,226)	(1,546,226)
- Deconsolidation of subsidiaries	-	(1,776,606)	(1,776,606)
- Additions	129,000	139,197	268,197
- Repayment	(20,000)	-	(20,000)
- Interest expense	-	23,861	23,861
- Disposals	-	(41,678)	(41,678)
Balance at 31 December 2024	109,000	16,311	125,311

2. PERFORMANCE FOR THE YEAR (CONTINUED)

2.12. Balance sheet and reserve movement of the Company

2.12.1. Balance sheet of the Company

HK\$'000	As at 31 December 2025	As at 31 December 2024
Non-current assets		
Investments in subsidiaries	268,008	267,649
Property, plant and equipment	4	50
	268,012	267,699
Current assets		
Amounts due from subsidiaries	-	334
Cash, bank balances and deposits	1,395	2,638
	1,395	2,972
Current liabilities		
Amounts due to subsidiaries	603,192	605,071
Accrued charges	15,058	23,797
	618,250	628,868
Net current liabilities	(616,855)	(625,896)
Total assets less current liabilities	(348,843)	(358,197)
Equity		
Share capital	28,308	283,082
Reserves	(377,151)	(641,279)
	(348,843)	(358,197)

Approved by the Board of Directors on 30 March 2026.

WRIGHT Bradley Stephen
Executive Director

LIU Jianyi
Executive Director

2.12.2. Reserve movement of the company

HK\$'000	Share premium	Employee share-based payment reserve	Contributed surplus	Accumulated losses	Total Equity
At 1 January 2025	8,583,359	902,167	473,968	(10,600,773)	(641,279)
Capital Reduction (note 2.10.1)	-	-	254,774	-	254,774
Profit attributable to shareholders	-	-	-	9,354	9,354
At 31 December 2025	8,583,359	902,167	728,742	(10,591,419)	(377,151)
At 1 January 2024	8,583,359	902,167	473,968	(8,841,420)	1,118,074
Loss attributable to shareholders	-	-	-	(1,759,353)	(1,759,353)
At 31 December 2024	8,583,359	902,167	473,968	(10,600,773)	(641,279)

3. CRITICAL ESTIMATES AND JUDGEMENTS

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

3.1. Significant Judgements

3.1.1. Going concern assumption

As disclosed in Note 1.2.1, the directors prepared the consolidated financial statements on a going concern basis. This judgement is based on the Board's review of the Group's cash flow forecast for the eighteen months from 1 January 2026, including available funding options and the expected royalty income stream. The directors concluded that the Group will be able to meet its obligations when due and continue as a going concern.

3.1.2. Determination of lease terms

In determining the lease term, management exercises significant judgement in assessing whether it is reasonably certain to exercise extension options or not to exercise termination options. Judgement considers the Group's business needs, importance of the leased premises, market rental terms, and leasehold improvements. Reassessment is made if a significant event or change in circumstances occurs.

Management exercises judgement in determining the lease term for lease contracts that include renewal and termination options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. The lease term is reassessed if a significant event or a significant change in circumstances occurs. There is no extension or termination option applicable in 2025.

3.1.3. Recognition of provisions for legal and reinstatement costs

Management applies judgement in assessing whether a present obligation exists at the reporting date, particularly in relation to legal disputes and reinstatement costs. Reinstatement costs are related to restoration of leased premises at the end of lease terms and are recognised if stipulated in lease contracts. Legal cost provisions are made when a present obligation arises from past events and a reliable estimate of settlement is available.

Estimates are made in calculating provisions based on plans, contractual terms and obligations. Legal provisions are estimated based on external legal advice and expected settlement scenarios. Reinstatement provisions relate to office lease obligations under IFRS 16, and are estimated with reference to lease terms and discount rates.

3.2. Key Sources of Estimation Uncertainty

Estimates and assumptions that involve a significant risk of causing material adjustments within the next financial year are as follows:

3.2.1. Useful life and impairment of trademarks

The Group's ESPRIT trademarks are classified as indefinite-lived intangible assets. This classification is supported by perpetual legal rights, brand longevity, and future expected cash flows. Independent external valuation supports this classification. Management reviews this annually per IAS 38, considering brand strength, regulatory environment, and expected usage.

3.2.2. Impairment of intangible assets (including goodwill and assets under development)

Goodwill and intangible assets under development are tested for impairment annually or when indicators of impairment exist. The recoverable amounts are based on higher of value in use or fair value less costs of disposal. These calculations require significant estimates, including future cash flows, discount rates, and growth assumptions. Intangible assets under development are also subject to annual impairment testing under IAS 36.10.

The Group tests goodwill and intangible assets under development for impairment annually and when there are indicators of impairment. These tests require an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangible assets under development relate.

3. CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2. Key Sources of Estimation Uncertainty (Continued)

3.2.3. Impairment of right-of-use assets (ROU assets)

Management assesses ROU assets for impairment when indicators arise. The recoverable amount is estimated as the higher of value in use and fair value less costs of disposal. Due to the discontinuation of operations, remaining ROU assets relate only to office premises. The value in use method was adopted for these leases, considering forecast rental savings, contract duration, and a pre-tax discount rate (see note 2.3.4). The Group considers direct impairment testing of ROU assets reasonable due to the absence of cash inflows from discontinued operations.

The recoverable amount of the right-of-use assets was determined based on fair value less costs of disposal (FVLCD), as these assets do not generate independent cash inflows and do not form part of an identifiable cash-generating unit following the Group's cessation of retail operations.

The FVLCD was estimated using a market-based approach, considering the potential sublease or early termination options available. Key assumptions used in the FVLCD calculation included:

- Sublease income based on market rates for comparable properties,
- Costs of disposal, including costs related to lease termination or re-leasing, and
- A discount rate of 3.0% – 4.7%, which reflects current market conditions and the risk profile of the assets.

Management believes that this approach is appropriate given the cessation of certain operations, and no ongoing cash flows are expected to arise from the continued use of these assets. Sensitivity analysis was performed, and the recoverable amount remained above the carrying value under reasonable changes in key assumptions.

3.2.4. Impairment of property, plant and equipment (PPE)

The Group evaluates PPE for impairment when there is an indication of loss in value. For impairment testing, assets are grouped into CGUs where appropriate, and the recoverable amount is estimated using discounted cash flow techniques. Key assumptions involve projected cash flows and discount rates.

In accordance with IAS 36 "Impairment of Assets", the Group assesses the recoverable amounts of cash-generating units (CGUs) for the property, plant and equipment when indicators of impairment exist. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows. The estimation of future cash flows and selection of discount rate require the use of judgments and estimates.

3.2.5. Expected credit losses (ECL) on financial assets

The Group applies the expected credit loss model under IFRS 9 to financial assets measured at amortised cost. ECLs are estimated using historical loss data, adjusted for forward-looking macroeconomic information. As the remaining operations involve licensing receivables from few licensees, ECL estimation is sensitive to default rates, counterparty risk, and the overall economic environment.

3. CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

3.3. Financial risk management

3.3.1. Foreign Exchange risk

In 2025, the Group has not entered in any financial derivative transaction.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US Dollar and Renminbi. Foreign exchange risk primarily arises from future commercial transactions and recognised monetary assets and liabilities that are denominated in currencies that are not the functional currencies of the Group's entities.

The Group's exposure to currency risk as reported to the management of the Group is as follows:

thousand	As at 31 December 2025		As at 31 December 2024	
	RMB	USD	RMB	USD
Accounts receivable	3,841	92	-	1,000
Accounts payable	-	-	-	-
Foreign exchange exposure	3,841	92	-	1,000

The following significant exchange rates have been applied.

	As at 31 December 2025		As at 31 December 2024	
	Average Rate	Spot Rate	Average Rate	Spot Rate
USD	7.7821	7.7840	7.7736	7.7664
EUR	9.1095	9.1370	8.1378	8.0823
RMB (CNY)	1.1052	1.1144	1.0677	1.0637

3.3.2. Credit risk

The Group's credit risk is primarily attributable to accounts receivables, other receivables and loans to a joint venture.

There is no significant concentration of credit risk with respect to accounts receivables as the Group has internationally licensee partner. The Group grants credit for a period which is 30 days after due date to certain licensee partner and the payment terms are quarterly, semi-annually and annually to certain licensee partner.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at year end date with the risk of default as at the date of initial recognition.

The Group reviews regularly the recoverable amount of each debtor to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors. The historical loss rates are based on the payment profiles of sales over the last two years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted by a scalar factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on projected non-performing loans ("NPL") ratios for all countries in which the Group sells its goods and services. Periodically, the Group also appointed independent professional valuers to conduct an external valuation of expected credit losses on a timely basis.

3. CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

3.3. Financial risk management (Continued)

3.3.3. Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, by keeping sufficient available cash on the bank accounts. The Group's liquidity needs have been funded through internal resources and external borrowings. No major overdraft or term loans with the banks were in place. Due to the above mentioned funding through internal resources and external borrowings there was no material impact on the business.

During the year ended 31 December 2025, the Group recorded a net loss attributable to shareholders of the Company of HK\$20,538,000 and a net cash outflow of HK\$24,958,000. Whilst the Group had net current assets of HK\$52,781,000 against long-term borrowings of HK\$125,687,000 as at 31 December 2025, its Cash, bank balances and deposits amounted to HK\$54,564,000 only as at the same date. During 2024, the Group initiated a comprehensive restructuring to address the historical long term unsustainable cost

base and persistent losses under the legacy, capital-intensive retail and distribution model. Following this comprehensive restructuring initiative, 2025 represents a critical inflection point in the journey of the Group to shift towards an asset-light licensing-centric business model.

For the purpose of assessing going concern, the directors of the Company have prepared the Cash Flow Forecast take into account the Plans and Measures to mitigate the liquidity pressure and to improve its financial position. Those Plans and Measures have been or will be taken by the directors of the Company as summarised in note 1.2.1.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

HK\$'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
At 31 December 2025						
Accounts payable	-	-	-	-	-	-
Lease liabilities	428	253	666	-	1,347	1,347
Interest bearing borrowing	-	125,687	-	-	125,687	125,687
At 31 December 2024						
Accounts payable	8,341	-	-	-	8,341	8,341
Lease liabilities	16,311	-	-	-	16,311	16,311
Interest bearing borrowing	-	-	109,000	-	109,000	109,000

3. CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

3.3. Financial risk management (Continued)

3.3.4. Interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

HK\$'000	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Interest rate (%)	Carrying amount	Interest rate (%)
Fixed-rate instruments				
Cash, bank balances and deposits	54,564	0.1	79,436	1.1
Lease liabilities	1,347	5.4	16,311	6.4
Long-term borrowing	125,687	6.7	109,000	10.0

There are no variable-rate instruments for the period (31 December 2024: nil).

Fair value sensitivity analysis for fixed-rate instruments

A increase and decrease of 100 basis points in interest rates would have decreased or increased equity by HK\$4,517,000 and HK\$2,589,000 (31 December 2024: a increase and decrease of 100 basis points in interest rates would have decreased equity by HK\$14,077,000 and HK\$14,837,000). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

The Group monitors closely its interest rate risk exposure.

3.3.5. Net gains and losses from financial instruments

The following table shows net gains and losses by category of financial instruments including gains and losses from leases.

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Interest income from instruments at amortised costs		
From bank deposits	16	1,104
Others	646	-
Total interest income	662	1,104

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Interest expense from instruments at amortised costs and leases		
From leases	111	23,861
From loan payables	4,509	3,120
Total finance costs	4,620	26,981
Change in fair value of financial assets at fair value through profit or loss	(285)	(1,321)

3.4. Capital management

3.4.1. 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital structure consists of equity as shown in the consolidated balance sheet.

As at 31 December 2025 there are outstanding long-term borrowings amounted to HK\$125,687,000 for the Group (31 December 2024: HK\$109,000,000).

3.4.2. Dividends

The Board of Directors did not declare and recommend the distribution of any dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

3.5. Comparative amounts

Certain comparative amounts have been reclassified and restated to conform to the current year's presentation and accounting treatment. Moreover, as disclosed in note 1.1, different from those financial statements presented in millions of Hong Kong Dollars in prior periods, these consolidated financial statements are presented in thousands of Hong Kong Dollars, unless otherwise stated.

4. FURTHER DETAILS

4.1. Related party transactions

Save as disclosed within note 4.1 and elsewhere in these consolidated financial statements, the Group had no other material related party transactions during the year.

4.1.1. Directors' and senior management's emoluments

The directors' and senior management's emoluments for the year ended 31 December 2025 and 2024 are included in the tables below:

For the year ended 31 December 2025

HK\$'000	Fees ¹²	Basic salaries, allowance and benefits in kind	Bonuses ¹³	Inducement fee	Employee share-based compensation benefits	Provident fund contributions/retirement benefit costs	Compensation for loss of office	Total emoluments
WRIGHT Bradley Stephen ¹³	-	1,365	-	-	-	18	-	1,383
LI Hui ¹⁴	-	60	-	-	-	1	-	61
LIU Jianyi ¹⁴	-	28	-	-	-	1	-	29
LIU Hang so ²	240	-	-	-	-	-	-	240
LIU Tsui Fong ²¹¹	100	-	-	-	-	-	-	100
LO Kin Ching Joseph ²	368	-	-	-	-	-	-	368
YU Chung Leung ²¹⁰	112	-	-	-	-	-	-	112
CHIU Christin Su Yi ¹⁶	1,200	13	-	-	-	-	-	1,213
PAK William Eui Won ¹⁶	-	913	-	-	-	18	-	931
STRIPPOLI Anthony Nicola ¹⁵	-	231	-	-	-	-	-	231
CHUNG Kwok Pan ²⁸	40	-	-	-	-	-	-	40
GILES William Nicholas ²⁹	15	-	-	-	-	-	-	15
HA Kee Choy Eugene ²⁸	40	-	-	-	-	-	-	40
Total	2,115	2,610	-	-	-	38	-	4,763

For the year ended 31 December 2024

HK\$'000	Fees ¹²	Basic salaries, allowance and benefits in kind	Bonuses ¹³	Inducement fee	Employee share-based compensation benefits	Provident fund contributions/retirement benefit costs	Compensation for loss of office	Total emoluments
CHIU Christin Su Yi ¹⁶	2,145	17	-	-	-	-	-	2,162
PAK William Eui Won ¹⁶	-	1,625	-	-	-	18	-	1,643
SCHLANGMANN Wolfgang Paul Josef ¹⁷	-	375	-	-	-	-	-	375
WRIGHT Bradley Stephen ¹³	-	1,516	-	-	-	18	-	1,534
STRIPPOLI Anthony Nicola ¹⁵	-	2,438	-	-	-	-	-	2,438
LO Kin Ching Joseph ²	735	-	-	-	-	-	-	735
CHUNG Kwok Pan ²⁸	480	-	-	-	-	-	-	480
GILES William Nicholas ²⁹	480	-	-	-	-	-	-	480
LIU Hang so ²	480	-	-	-	-	-	-	480
HA Kee Choy Eugene ²⁸	480	-	-	-	-	-	-	480
Total	4,800	5,971	-	-	-	36	-	10,807

4. FURTHER DETAILS (CONTINUED)

4.1. Related party transactions (Continued)

4.1.1. Directors' and senior management's emoluments (Continued)

- 1 Executive Director
- 2 Independent Non-executive Director
- 3 Mr. WRIGHT Bradley Stephen has been appointed as the Acting Chairman with effect from 19 December 2025.
- 4 Ms. LI Hui and Ms. LIU Jianyi have been appointed as Executive Directors with effect from 19 December 2025.
- 5 Mr. STRIPPOLI Anthony Nicola has been appointed as Executive Director with effect from 20 February 2024 and resigned as Executive Director with effect from the close of business on 28 February 2025.
- 6 Ms. CHIU Christin Su Yi and Mr. PAK Willaim Eui Won have resigned as Executive Directors with effect from 19 December 2025.
- 7 Mr. SCHLANGMANN Wolfgang Paul Josef has resigned as Executive Director with effect from 25 March 2024.
- 8 Mr. CHUNG Kwok Pan and Mr. HA Kee Choy Eugene have resigned as Independent Non-Executive Directors with effect from the close of business on 28 February 2025.
- 9 Mr. GILES William Nicholas has resigned as an Independent Non-Executive Director with effect from 24 January 2025.
- 10 Mr. YU Chung Leung has been appointed as an Independent Non-Executive Director with effect from 24 January 2025.
- 11 Ms. LIU Tsui Fong has been appointed as an Independent Non-Executive Director with effect from the close of business on 28 February 2025.
- 12 The amount includes directors' fees of HK\$915,000 paid to Independent Non-executive Directors during the year ended 31 December 2025 (for the year ended 31 December 2024: HK\$2,655,000).
- 13 There was no discretionary bonus paid to the directors during the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

Directors' retirement benefits

No retirement benefits were provided to or receivable by any director during the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

Directors' termination benefits

No termination benefits were provided to or receivable by any director as compensation for the early termination of appointment during the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services during the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans or other dealings in favor of the directors, their controlled bodies corporate and connected entities during the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

Directors' material interests in transactions, arrangements or contracts

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 as at 31 December 2025 or at any time during the year.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 included three (for the year ended 31 December 2024: one) directors whose emoluments are reflected in the analysis presented in note 4.1.1. The emoluments payable to two (for the year ended 31 December 2024: four) individuals are as follows:

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Salaries, housing and other allowances and benefits in kind	3,163	12,339
Bonuses	-	-
Pensions costs of defined contribution plans	18	13
Compensation for loss of office	-	-
Total	3,181	12,352

4. FURTHER DETAILS (CONTINUED)

4.1. Related party transactions (Continued)

4.1.1. Directors' and senior management's emoluments (Continued)

The emoluments payable to two (for the year ended 31 December 2024: four) individuals fell within the following bands:

Emoluments band	Number of individuals	
	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
HK\$1,000,001 - HK\$1,500,000	-	-
HK\$1,500,001 - HK\$2,000,000	2	-
HK\$2,000,001 - HK\$2,500,000	-	2
HK\$2,500,001 - HK\$3,000,000	-	2
HK\$3,000,001 - HK\$3,500,000	-	-
HK\$4,000,001 - HK\$4,500,000	-	-

During the year ended 31 December 2025 as well as prior period, the Group did not pay the aforementioned five (for the year ended 31 December 2024: five) individuals any inducement to join or upon joining the Group.

4.1.2. Transactions with related party

During the year ended 31 December 2025, there were no transactions with related party.

During the year ended 31 December 2024, the indirectly wholly-owned subsidiary of the Company entered into two tenancy agreements, as tenant, namely (i) the tenancy agreement with Bright Majestic, as landlord, in respect of the renewal of tenancy of the 29th Premises for a term of two years and one month commencing from 1 June 2024 and expiring on 30 June 2026 (both days inclusive) at a monthly rental of HK\$313,236; and (ii) the tenancy agreement with Wealth Elegant, as landlord, in respect of the renewal of tenancy of the 26th Premises for a term of one year and eight months commencing from 1 November 2024 and expiring on 30 June 2026 (both days inclusive) at a monthly rental of HK\$335,610. As at the date of 2024 report, Ms. LO Ki Yan Karen ("Ms. LO") indirectly holds 82.19% equity interests in both Bright Majestic and Wealth Elegant. Ms. LO is a substantial shareholder of the Company, hence a connected person of the Company. Therefore, both Bright Majestic and Wealth Elegant are associates of Ms. LO and connected persons of the Company.

Details of the above connected transactions were disclosed in the Company's announcement dated 19 May 2022 and 28 May 2024.

4.2. Share-based payments

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024
Employee share-based compensation benefits	-	-

4.2.1. Share option scheme

The Company adopted a share option scheme on 10 December 2009 (the "2009 Share Option Scheme"), which was terminated on 5 December 2018. Notwithstanding its termination, the share options which were granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules.

The Company adopted a new share option scheme on 5 December 2018 (the "2018 Share Option Scheme"). The option mandate limit of the 2018 Share Option Scheme has been refreshed upon the shareholders' approval at the special general meeting of the Company held on 6 July 2021, the details of which were disclosed in the circular of the Company dated 15 June 2021. During the Year, no share options were granted (31 December 2024: nil). As at 31 December 2025, the number of share options available for grant under the 2018 Share Option Scheme mandate is 28,308,173, upon the Capital Reorganisation taking effect on 25 August 2025 (31 December 2024: 283,081,734).

Summary of the major terms of the Share Option Schemes

The following is a summary of the major terms of the 2009 Share Option Scheme and the 2018 Share Option Scheme (collectively the "Share Option Schemes") as required to be disclosed in accordance with the Listing Rules.

4. FURTHER DETAILS (CONTINUED)

4.2. Share-based payments (Continued)

4.2.1. Share option scheme (Continued)

Purpose of the Share Option Schemes

The Share Option Schemes are share incentive schemes and are established to recognise and acknowledge the contributions that eligible persons have made or may make to the Group.

The Share Option Schemes provide eligible persons with an opportunity to have a personal stake in the Company with a view to:

- (i) motivating eligible persons to optimise their performance and efficiency for the benefit of the Group; and
- (ii) attracting and retaining or otherwise maintaining ongoing business relationships with eligible persons whose contributions are or will be beneficial to the long-term growth of the Group.

Participants of the Share Option Schemes

The Board of Directors may at its discretion grant share options to:

- (i) any director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"); or
- (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or
- (iii) a company beneficially owned by any director, employee, consultant, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

Total number of shares available for issue under the Share Option Schemes and percentage of issued share capital as at 31 December 2025

The total number of shares available for issue upon exercise of all outstanding share options already granted under the Share Option Schemes is 646,852 shares (the 2009 Share Option Scheme: 510,119 shares and the 2018 Share Option Scheme: 136,733 shares), representing 0.23% (31 December 2024: 0.25%) of the issued share capital of the Company as at 31 December 2025.

The maximum number of shares available for issue upon exercise of share options not yet granted under the Share Option Schemes is 28,308,173 shares (the 2009 Share Option Scheme: Nil and the 2018 Share Option Scheme: 28,308,173 shares) (31 December 2024: 283,081,734), representing 10% (31 December 2024: 10%) of the issued share capital of the Company as at 31 December 2025.

Maximum entitlement of each participant under the Share Option Schemes

The maximum entitlement of each participant under the Share Option Schemes shall not exceed any limits that may be imposed under the Listing Rules from time to time as amended and in force.

No share options may be granted to any eligible persons which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to such eligible person under the Share Option Schemes or any other schemes of the Company (including exercised, canceled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company at the date of such new grant. Any grant of further share options above this limit is subject to certain requirements as stipulated in the Listing Rules.

4. FURTHER DETAILS (CONTINUED)

4.2. Share-based payments (Continued)

4.2.1. Share option scheme (Continued)

Period within which the shares must be taken up under a share option under the Share Option Schemes

A share option is exercisable, subject to certain restrictions contained in the Share Option Schemes and the terms on which the share option is granted at any time during the applicable share option period which may be determined by the Board of Directors but which shall in no event be more than 10 years from the date of grant of the share option.

Minimum period for which a share option must be held before it can be exercised under the Share Option Schemes

There is no general requirement on the minimum period for which a share option must be held or the performance targets which must be achieved before a share option can be exercised under the Share Option Schemes. At the time of granting a share option, however, the Board of Directors may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations in relation thereto, including the minimum period for which the share option must be held and/or the performance targets to be achieved, additional to those expressly set forth in the Share Option Schemes as the Board of Directors may in its absolute discretion determine.

Amount payable on application or acceptance of the share option and the period within which payments or calls must or may be made or loans for such purposes must be repaid under the Share Option Schemes

There is no amount payable on application or acceptance of the share option and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

Vesting requirement of the options granted under the Share Option Schemes shall be subject to the terms on which the share options were granted, the provisions of the respective Share Option Schemes and the Listing Rules.

Basis of determining the subscription price under the Share Option Schemes

The price per share at which a grantee may subscribe for shares upon the exercise of a share option is determined by the Board of Directors and shall not be less than the highest of:

- (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the relevant share option, which must be a business day (as defined in the Listing Rules);
- (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant share option; and
- (iii) the nominal value of the Company's share.

The remaining life of the 2009 Share Option Scheme

On 5 December 2018, the shareholders of the Company approved at the annual general meeting of the Company the termination of the 2009 Share Option Scheme and no further share options may be granted under the 2009 Share Option Scheme with effect thereof.

Details of the share options movement during the year and outstanding share options as at 31 December 2025 under the 2009 Share Option Scheme are as follows:

HK\$'000	For the year ended 31 December 2025		For the year ended 31 December 2024	
	Average exercise price	Number of share options	Average exercise price	Number of share options
Balance at beginning of year	3.384	5,679,680	4.798	8,703,583
Decreased due to adjustment (Note 1)	N/A	(5,111,712)	-	-
Lapsed during the year	62.300	(57,849)	7.453	(3,023,903)
Balance at end of year	30.616	510,119	3.384	5,679,680

4. FURTHER DETAILS (CONTINUED)

4.2. Share-based payments (Continued)

4.2.1. Share option scheme (Continued)

The remaining life of the 2009 Share Option Scheme (Continued)

Share options outstanding at the end of the relevant periods have the following terms:

Expiry date	As at 31 December 2025		As at 31 December 2024 (restated)		
	Original Exercise price HK\$	Adjusted Exercise price (Note 1a and 1b) HK\$	Number of share options outstanding	Adjusted Exercise price (Note 1a) HK\$	Number of share options outstanding
Employees					
13 October 2025 *	6.550	62.300	-	6.230	105,179
31 October 2026 *	6.870	65.300	-	6.530	105,179
7 November 2027 *	4.650	44.200	-	4.420	105,179
25 June 2028 *	2.660	25.300	-	2.530	105,179
					420,716
Others (Note 2)					
13 October 2025 *	6.550	62.300	-	6.230	473,307
31 October 2026 *	6.870	65.300	84,143	6.530	736,255
7 November 2027 *	4.650	44.200	68,367	4.420	578,487
25 June 2028 *	2.660	25.300	94,661	2.530	841,434
28 September 2028 *	1.884	17.900	262,948	1.790	2,629,481
			510,119		5,258,964
Total			510,119		5,679,680
Weighted average remaining contractual life of share options outstanding at end of the year			2.3 years		3.0 years

* The share options listed above are vested as of the respective dates of the balance sheet

Note 1: Adjustment for exercise price as a result of (a) the rights issue with effect from 21 April 2021, and (b) the capital reorganisation as disclosed in note 2.10.1 with effect from 25 August 2025. The number of Shares was also adjusted on 25 August 2025 in connection with the said capital reorganisation.

Note 2: Former employees/directors of the Group who were the employees/directors of the Group at the time of the relevant grants

The remaining life of the 2018 Share Option Scheme

Share options may be granted to eligible persons under the 2018 Share Option Scheme for the period until 4 December 2028, unless there is early termination pursuant to the rules of 2018 Share Option Scheme.

Details of the share options movement during the year and outstanding share options as at 31 December 2025 under the 2018 Share Option Scheme are as follows:

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	Average exercise price	Number of share options	Average exercise price	Number of share options
Balance at beginning of year	1.530	1,367,331	1.530	2,156,175
Decreased due to adjustment (Note 1)	N/A	(1,230,598)	-	-
Forfeited during the year	-	-	1.530	(788,844)
Balance at end of year	15.30	136,733	1.530	1,367,331

Share options outstanding at the end of the year have the following terms:

Expiry date	As at 31 December 2025		As at 31 December 2024 (restated)		
	Original Exercise price HK\$	Adjusted Exercise Price (Note 1a and 1b) HK\$	Number of share options outstanding	Adjusted Exercise price (Note 1a) HK\$	Number of share options outstanding
Employees					
10 December 2029*	1.604	15.300	-	1.530	105,179
Others (Note 2)					
10 December 2029*	1.604	15.300	136,733	1.530	1,262,152
			136,733		1,367,331
Weighted average remaining contractual life of share options outstanding at end of the year			3.9 years		4.9 years

* The share options listed above are vested as of the respective dates of the balance sheet

Note 1: Adjustment for exercise price as a result of (a) the rights issue with effect from 21 April 2021, and (b) the capital reorganisation as disclosed in note 2.10.1 with effect from 25 August 2025. The number of Shares was also adjusted on 25 August 2025 in connection with the said capital reorganisation.

Note 2: Former employees/directors of the Group who were the employees/directors of the Group at the time of the relevant grants.

4. FURTHER DETAILS (CONTINUED)

4.2. Share-based payments (Continued)

4.2.2. Share Award Scheme

The Company adopted a share award scheme on 6 July 2021 (the "Share Award Scheme"). During the Year, there was no movement of awarded shares for the Share Award Scheme. Moreover, there were no outstanding awarded shares under the Share Award Scheme as at 31 December 2025. As no approval for refreshment of annual limit under the Share Award Scheme was sought at the annual general meeting of the Company held on 19 June 2023, no share awards were available for grant under the Share Award Scheme during the Year (31 December 2024: nil) and the number of shares in the Company that may be issued in respect of awards granted under the Share Award Scheme during the Year divided by the weighted average number of shares in the Company for the Year is nil (31 December 2024: nil).

During the Year, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the Year (31 December 2024: nil). On 30 June 2025, the Board resolved to terminate the Share Award Scheme in accordance with the terms of the Share Award Scheme. Such early termination shall not affect any subsisting rights of selected grantees as no awards remain unvested or which have vested but not yet been issued to a selected grantee immediately prior to termination. Upon early termination of the Share Award Scheme on 30 June 2025, apart from the 2009 and 2018 Share Option Schemes, the Company or any of its principal subsidiaries have no other scheme involving issue of new shares as at 31 December 2025 and at the date of this annual report.

Summary of the major terms of the Share Award Schemes

The following is a summary of the major terms of the Share Award Schemes.

Purpose of the Share Award Schemes

The purpose of the Share Award Scheme is to recognise the contributions by certain eligible participants (including any employee, consultant, executive or officers, directors and senior management of any member of the Group), and to provide them incentives; and to attract suitable personnel with relevant experience in the Group's business. The details of the Share Award Scheme were disclosed in the circular of the Company dated 15 June 2021.

Participants of the Share Award Schemes

Pursuant to the rules relating to the Share Award Scheme, the Board of Directors may at its discretion grant awarded shares to any employee, consultant, executive or officers, directors and senior management of any member of the Group who has contributed or may contribute to the growth and development of the Group.

Maximum entitlement of each participant under the Share Award Schemes

The maximum entitlement of each eligible participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the date of grant of the award.

Vesting requirement of the awarded shares granted under the Share Award Schemes shall be subject to the terms on which the awarded shares were granted, the provisions of the respective Share Award Schemes and the Listing Rules.

Vesting period and condition(s) of awards granted under the Share Award Scheme

The Board is entitled to impose any condition(s) as it deems appropriate in its absolute discretion with respect to the vesting of the awarded shares on eligible participants selected by the Board under the Share Award Scheme (the "Selected Grantees") (including without limitation the vesting period within which the shares awarded may be exercised by the Selected Grantee under the Share Award Scheme, the vesting period of the shares granted under the Share Award Scheme.)

4. FURTHER DETAILS (CONTINUED)

4.2. Share-based payments (Continued)

4.2.2. Share Award Scheme (Continued)

Amount payable on application or acceptance of the share award and the period within which payments or calls must or may be made or loans for such purposes must be repaid under the Share Award Scheme

Selected Grantees are not required to make any payment to accept an award and the relevant subscription price will be paid by the Company.

Basis of determining the purchase price of shares awarded, if any, under the Share Award Scheme

As no payment is required to be made by the Selected Grantees, the basis of determining the purchase price of share awarded in the Share Award Scheme is not applicable herein.

4.3. (Loss)/earnings per share

4.3.1. Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss attributable to shareholders of the Company (HK\$'000)	(20,538)	(1,226,795)
Weighted average number of ordinary shares in issue (thousand)	283,082	283,082
Basic (loss)/earnings per share (HK cents per share)	(7.25)	(433.37)
- from continuing operations (HK cents per share)	(15.06)	(94.13)
- from discontinued operations (HK cents per share)	7.81	(339.24)

The weighted average number of ordinary shares for the year ended 31 December 2024 has been retrospectively adjusted for the ten-to-one share consolidation of the Company as stated in note 2.10.1. which became effective on 25 August 2025.

4.3.2. Diluted

Diluted (loss)/earnings per share is calculated based on dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year adjusted by the dilutive effect of share options.

	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss attributable to shareholders of the Company (HK\$'000)	(20,538)	(1,226,795)
Weighted average number of ordinary shares in issue (thousand)	283,082	283,082
Adjustments for share options (thousand)	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousand)	283,082	283,082
Diluted (loss)/earnings per share (HK cents per share)	(7.25)	(433.37)
- from continuing operations (HK cents per share)	(15.06)	(94.13)
- from discontinued operations (HK cents per share)	7.81	(339.24)

The weighted average number of ordinary shares for the year ended 31 December 2024 has been retrospectively adjusted for the ten-to-one share consolidation of the Company as stated in note 2.10.1. which became effective on 25 August 2025.

Diluted (loss)/earnings per share for the year ended 31 December 2025 and year ended 31 December 2024 was the same as the basic (loss)/earnings per share since the share options had anti-dilutive effect.

4.4. Auditor's remuneration

	For the year ended 31 December 2025	For the year ended 31 December 2024
HK\$'000		
Nature of the services		
Audit services	1,397	5,211
Non-audit services	-	-
Auditor's remuneration total	1,397	5,211

5. UNRECOGNISED ITEMS

5.1. Commitments

The Group had no material commitment contracted but not provided for as at 31 December 2025 (31 December 2024: nil).

5.2. Charges on group assets

As at 31 December 2025, the Group's long-term borrowings were mainly secured by:

- i) All the undertakings, properties and assets of three subsidiaries of the Company. The assets held by these subsidiaries include trademarks of the Group with an aggregate carrying amount of HK\$264,451,000 at the Group level as of 31 December 2025 (31 December 2024: HK\$267,928,000);
- ii) The shares of two subsidiaries of the Company; and
- iii) Loan receivables owing by a joint venture to the Group with the carrying amount of nil as at 31 December 2025 (31 December 2024: HK\$21,443,000).

As at 31 December 2025, save for those disclosed elsewhere in this report, the Company has not otherwise charged its assets as collateral (31 December 2024: nil).

5.3. Contingent liabilities

As at 31 December 2025, save for those disclosed below or elsewhere in this report, the Company had no other significant contingent liabilities (31 December 2024: nil).

(i) Lease

As at 31 December 2025 and 31 December 2024, the Group was subject to a potential claim stemming from the early termination of a lease agreement, where the relevant subsidiary is subject to ongoing insolvency proceedings. Negotiations are currently underway, but no definitive settlement agreement has been executed as of the date of this report. It is anticipated that the Group's maximum potential exposure in a settlement scenario will not exceed HK\$14 million. The lease deposit provided by the Group to the landlord has already been applied thereby reducing any potential settlement amount.

As at the date of this report, the matter remains under review and is subject to ongoing legal negotiation. No provision has been recognised in the financial statements as the landlord has a duty to take reasonable actions to re-rent the premises to mitigate the compensation amount, and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to proactively monitor the situation and reassess the need for financial provision as further information becomes available.

(ii) Legal Proceedings

As disclosed in the announcement dated 8 January 2026, it was recently brought to the attention of the Board that, at the request of the bankruptcy trustee (the "Trustee") of Esprit Europe B.V. ("Esprit Europe"), which is a former subsidiary of the Company, a writ of summons filed with the Amsterdam District Court and unaccompanied by any supporting documents was received by the Company and Million Success Resources Limited ("Million Success"), an indirect wholly-owned subsidiary of the Company. Details of which were disclosed under "IMPORTANT EVENTS AFTER THE END OF THE YEAR" in the Management Discussion and Analysis section of this report.

As at the date of this report, the legal proceedings are still at an early stage, there is uncertainty as to the final outcome of the litigation and the current or future financial impact of the legal proceedings on the Group. No provision has been recognised in the financial statements as, based on the legal advice, the claim has been brought without proper factual merit and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to proactively monitor the situation and reassess the need for a provision as further information becomes available.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

6.1. Principles of consolidation

6.1.1. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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, subject to certain exceptions, 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 acquiree's net identifiable assets. When a business combination is achieved in stages, the Group remeasures its previously held interest in the acquiree at its fair value at the date when control is obtained, with any resulting gain or loss recognised in the statement of profit or loss or other comprehensive income, as appropriate.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the identifiable net assets acquired is recorded as goodwill. If, after assessment, this is less than the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

6.1.2. Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable. In addition, the contribution to the Company's Share Award Scheme Trust, a controlled entity, is stated at cost in "Contribution to Share Award Scheme Trust" first, and then will be transferred to the "Shares held for Share Award Scheme" under equity when the contribution is used for the acquisition for the shares of the Company.

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

6.1.3. 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, have been identified as the executive directors that make strategic decisions.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.1. Principles of consolidation (Continued)

6.1.4. Interest in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's interest in the joint venture is accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and other comprehensive income of the joint venture. When the Group's share of losses exceeds its interest in the joint venture, the carrying amount of the investment is reduced to nil, and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

6.1.5. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand (2024: million) currency units unless otherwise stated.

6.2. Foreign currency translation

6.2.1. Functional and presentation currency

The functional currency of the Company is Hong Kong Dollar (HK\$), which is also the presentation currency of the consolidated financial statements. The functional currency was determined based on the primary economic environment in which the Company operates. This includes the currency that mainly influences revenue from licensing income, operating costs, and financing activities, all of which are predominantly denominated in HK\$.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at monthly average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. When an inter-company loan balance which forms part of the net investment in a foreign entity is repaid, such exchange differences are transferred to the statement of profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in equity.

6.2.2. Transactions and balances

Foreign currency transactions are translated into the functional currency of a group entity using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies into the functional currency of a group entity at the exchange rates ruling at the end of the reporting period, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings to the extent that they are regarded as an adjustment to interest costs are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other operating costs.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.3. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Goods and services are transferred to customers at a point in time. Revenue is recognised as follows:

6.3.1. Licensing income

Licensing income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

6.3.2. Sales of goods - wholesale

Sales of goods are recognised on the transfer of control of a product to the customer, which generally coincides with the time when the goods are delivered to the customer and title has been passed that the customer has the ability to direct the use of and obtain the benefit of the product.

6.3.3. Sales of goods - retail including E-shop

Sales of goods are recognised on sale of a product transferred to the customer in store or upon delivery. Retail sales are mainly paid by cash or by credit card.

Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in creditors and accrued charges) and a right to the returned goods (included in current debtors, deposits and prepayments) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

6.3.4. Customers loyalty program

The Group runs customer loyalty programs which award credit points upon sales of products to the loyal customers who have joined the programs. Portion of the consideration received from the sale of products is allocated to the credit points. Revenue of this portion of the consideration is deferred and will be recognised when the points are redeemed, expired or forfeited.

6.4. Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

6.5. Income Tax

The income tax expense or income for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by deferred tax income or expenses resulting from changes in deferred tax assets and liabilities attributable from temporary differences and from unused tax losses before they expire.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period 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 accounts for liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.5. Income Tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised in full, 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax asset and liability are also 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 and do not give rise to equal taxable and deductible temporary differences. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax income or expense is recognised in statement of profit or loss, 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.

6.6. Impairment

6.6.1. Impairment of receivables

For accounts receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 2.7.1 for further details.

For other financial assets measured at amortised cost, the Group assessed at the end of each reporting period whether there was objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. A provision for impairment is established when the impact on the estimated future cash flows of the financial asset could be reliably estimated.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are estimated based on the present value of the cash shortfalls between the cash flow receivable in accordance with the terms of the contract and the cash flow expected to receive. In measuring the expected credit losses, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

For financial assets, other than accounts receivables, measured at amortised cost, the Group recognises a loss allowance equal to twelve month expected credit loss unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

When there is a significant increase in credit risk or the proceeds receivables are not settled in accordance with the terms stipulated in the agreements, management consider these receivables as underperforming or non-performing and impairment is measured as lifetime expected credit loss.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.6. Impairment (Continued)

6.6.2. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 immediately 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 of disposal and value in use.

For the purposes of assessing impairment, assets are tested either individually or at the cash-generating unit ("CGU") level, depending on whether the asset generates cash inflows that are largely independent of those from other assets. Assets that do not generate largely independent cash inflows are grouped at the lowest level for which there are separately identifiable cash flows (i.e., CGUs). Goodwill is tested at the CGU level.

An impairment loss recognised in prior years for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. Any goodwill impairment is recognised immediately as an expense and is not subsequently reversed.

6.7. Intangible assets

6.7.1. Trademarks

Separately acquired trademarks and licenses are initially measured at historical cost. Trademarks with indefinite useful lives are carried at cost less accumulated impairment losses, if any. They are not amortised but are tested for impairment (note 2.6.1). Details of the impairment loss on trademarks are also disclosed in note 2.3.5.

6.7.2. Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill included in intangible assets is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

6.7.3. Intangible assets under development

Intangible assets under development are recognised at cost if, and only if, all the recognition criteria under IAS 38 are met. They are not amortised until the development is complete and the asset is available for use. They are tested for impairment annually. Upon completion, the assets are reclassified to the appropriate intangible asset category and amortised from the date they are available for use.

6.7.4. Software

Software is stated at cost less amortisation and any impairment losses and is amortised on the straight-line basis over the estimated economic life.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.7. Intangible assets (Continued)

6.7.5. Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have an expected life of 2 years and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

6.8. Leases, right-of-use assets

Group as lessee

The Group leases various offices, warehouses, retail stores, equipment and motor vehicles. Rental contracts are typically made for fixed periods, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements in which the Group act as a lessee do not impose any covenants other than the security interests. Leased assets are not used as security for borrowing purposes.

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 include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost 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 year.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.8. Leases, right-of-use assets (Continued)

Group as lessee (Continued)

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;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. 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.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If there is a significant event or significant changes in circumstances within its control the Group also reassesses whether it is reasonably certain to exercise the option.

For the impairment loss on right-of-use asset, details are disclosed in note 2.3.4.

6.9. Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Construction in progress is stated at cost less accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

■ The principal annual rates are	
Plant and machinery	30.0%
Furniture and office equipment	10.0% – 33.3%
Motor vehicles	25.0% – 30.0%

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 3.2.4).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit or loss.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.10. Investments and other financial assets

6.10.1. Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's 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 (FVTOCI).

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

6.10.2. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being 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.

6.10.3. Measurement

At initial recognition, the Group measures a financial asset, other than accounts receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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.

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:

- **Amortised 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 and presented in other operating costs together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.10. Investments and other financial assets (Continued)

6.10.3. Measurement (Continued)

Debt instruments (Continued)

- FVTOCI¹: 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 FVTOCI. Movements in the carrying amount are taken through OCI, 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 OCI is reclassified from equity to profit or loss and recognised in other operating costs. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating costs and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating costs in the reporting period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating costs in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

6.11. Accounts receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

For accounts receivables, the Group applies the simplified approach permitted under IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast economic conditions at the reporting date. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered for the estimation of the expected credit losses. Expected credit losses are remeasured at each reporting date to reflect changes in the financial asset's credit risk. Any change in the expected credit loss amount is recognised as an impairment loss or reversal of impairment loss in the statement of profit or loss, with corresponding adjustment to the carrying amount through a loss allowance account. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of provision is recognised in the statement of profit or loss. When a accounts receivable is uncollectible, it is written off against the allowance account for accounts receivables. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

¹ Currently, debt instruments classified as FVOCI are not held.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.11. Accounts receivables (Continued)

Accounts receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on accounts receivables are presented as net impairment losses within operating profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

6.12. Accounts payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured. Invoices are issued on a monthly basis and are usually payable within 30 days. Accounts and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Payables denominated in foreign currencies are translated at the year-end exchange rates. The resulting gains or losses are recorded in the consolidated statement of profit or loss, with the exception of the gains or losses resulting from the translation of inter-company long-term loans. The impacts of translation of these items have been reflected in other comprehensive income. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

6.13. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. The Group did not have any bank overdrafts as at the reporting date.

6.14. Inventories

Inventories are stated at the lower of cost and net realisable value with cost being determined on a weighted average basis. Cost comprises the direct costs of merchandise and charges that have been incurred in bringing inventories to their current location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.15. Provisions

Provisions for reinstatements, legal claims and make good obligations 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 can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

6.16. Fair value estimation

IFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
quoted prices (unadjusted) in active markets for identical assets or liabilities.	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the balance sheet. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.17. Employee benefits

6.17.1. Pension obligations

The Group principally participates in defined contribution plans and pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and if applicable, are reduced by contributions forfeited by those employees who leave the scheme or the plan prior to vesting fully in the contributions.

6.17.2. Share options

The Group operates an equity-settled, share-based compensation plan to grant share options to directors, employees and consultants of the Group in exchange for their services provided to the Group. The cost of equity-settled transactions with directors, employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value of the share options granted is recognised as an expense over the relevant period of the service (the vesting period of the share options). The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to be vested. The Group recognises the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity.

When the share options are exercised, the proceeds received net of any directly attributable transactions cost are credited to share capital and share premium.

The grant of share options by the Company over its equity instruments to the employees of subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the fair value at the date of grant, is recognised over the vesting period as an increase to investment in subsidiaries with a corresponding credit to equity.

6.17.3. Awarded shares

The Group operates an equity-settled, share-based compensation plan to grant awarded shares to directors and employees of the Group in exchange for their services provided to the Group. The cost of equity-settled transactions with directors and employees is measured by reference to the fair value at the date at which they are granted. The fair value of the awarded shares granted is recognised as an expense over the relevant period of the service (the vesting period of awarded shares). The total amount to be expensed over the vesting period is determined by reference to the fair value of the awarded shares granted; excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awarded shares that are expected to be vested. The Group recognises the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity. The consideration paid by the Company through the Share Award Scheme trustee for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for Share Award Scheme" and the amount is deducted from total equity.

When the Share Award Scheme trustee transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for Share Award Scheme", with a corresponding adjustment to equity.

The grant of awarded shares by the Company over its equity instruments to the employees of subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the fair value at the date of grant, is recognised over the vesting period as an increase to investment in subsidiaries with a corresponding credit to equity.

6. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

6.17. Employee benefits (Continued)

6.17.4. 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 date of the balance sheet.

6.18. Dividends

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

6.19. Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

6.20. Loss/earnings per share

6.20.1. Basic loss/earnings per share

Basic loss/earnings per share is calculated by dividing:

- the loss/income attributable to shareholders of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 4.3).

6.20.2. Diluted loss/earnings per share

Diluted loss/earnings per share adjusts the figures used in the determination of basic loss/earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

6.21. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

6.22. Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Discontinued operations are presented in the consolidated statement of profit or loss separately from continuing operations, with comparative figures restated. The post-tax profit or loss of the discontinued operation is presented as a single amount, comprising the post-tax profit or loss of the discontinued operation and the post-tax gain or loss resulting from the measurement and disposal of assets or liabilities associated with the discontinued operation.

7. PRINCIPAL SUBSIDIARIES

The following are (a) the principal subsidiaries as at 31 December 2025 which, in the opinion of the Directors, principally affect the results and net operating assets of the Group and (b) list of subsidiaries which were deconsolidated in 2024. To give details of other subsidiaries would in the opinion of the Directors result in particulars of excessive length. None of the subsidiaries had issued any debt securities at the end of the year.

(a) Principal subsidiaries as at 31 December 2025:

Place of incorporation	Name of subsidiary	Attributable equity interest to the Group (note a)	Currency (note d)	Issued and fully paid share capital/ registered capital (note b)	Principal activities
British Virgin Islands	Esprit Corporate Services Limited	100%	USD	200	Financial services
British Virgin Islands	Esprit Far East (Sourcing) Limited	100%	USD	100	Provision of the services to Esprit Group
British Virgin Islands	Esprit Global Limited	100%	USD	1,000	Investment holding
British Virgin Islands	Esprit IP Limited	100%	USD	1	Holding of trademarks
British Virgin Islands	Esprit Assets Limited	100%	USD	1	Financial services
British Virgin Islands	Esprit China Distribution Limited	100%	USD	100	Investment holding
British Virgin Islands	Esprit EILP Limited	100%	USD	1	Investment holding
Cayman Islands	Esprit GTM Limited	100%	USD	1,000	Limited partner of Esprit International, a California Limited Partnership
The People's Republic of China (note c)	思環貿易(上海)有限公司	100%	USD	35,000,000	Wholesale, retail, and E-commerce distribution of apparel and accessories
The People's Republic of China (note c)	創捷商業(上海)有限公司	100%	USD	1,800,000	Licensing of trademarks
Hong Kong	Esprit de Corp (Far East) Limited	100%	HKD	1,200,000	Sourcing of apparel and accessories
Hong Kong	Million Success Resources Limited	100%	HKD	2	Provision of the services to Esprit Group
Hong Kong	Esprit Distribution Limited	100%	HKD	2,000,000	Licensing of trademarks
Hong Kong	Esprit (China) Brand Development Co., Limited	100%	HKD	10,000	Holding of trademarks
Hong Kong	Esprit (China) Brands Management Co., Limited	100%	HKD	1	Licensing of trademarks
The Netherlands	Esprit (Holdings II) B.V.	100%	EUR	414,000	Investment holding
Singapore	Esprit Retail Pte Ltd	100%	SGD	3,000,000	Retail distribution of apparel and accessories
South Korea	Esprit Seoul Limited	100%	KRW	100,000,000	Retail and E-commerce distribution of apparel and accessories
United States	Esprit International, a California Limited Partnership	100%	N/A	N/A	Holding and licensing of trademarks
United States	Esprit International (GP), Inc.	100%	USD	1,000	General partner of Esprit International, a California Limited Partnership

7. PRINCIPAL SUBSIDIARIES (CONTINUED)

(b) Discontinued operations during the year ended 31 December 2024:

Place of incorporation/operation	Name of subsidiary	Attributable equity interest to the Group (note a)	Currency (note d)	Issued and fully paid share capital/ registered capital (note b)	Principal activities
Austria	Esprit Handelsgesellschaft mbH	100%	EUR	100,000	Wholesale and retail distribution of apparel and accessories
Belgium	Esprit Belgie Retail N.V.	100%	EUR	960,313	Retail distribution of apparel and accessories
Belgium	Esprit Belgie Wholesale N.V.	100%	EUR	100,000	Wholesale distribution of apparel and accessories
Denmark	Esprit de Corp. Danmark A/S	100%	DKK	12,000,000	Wholesale and retail distribution of apparel and accessories
France	Esprit de Corp. France SAS	100%	EUR	5,201,760	Wholesale and retail distribution of apparel and accessories
Germany	Esprit Europe GmbH	100%	EUR	5,112,919	Management and control function; render of services to Esprit Group
Germany	Esprit Retail B.V. & Co. KG (limited partnership)	100%	EUR	5,000,000	Retail and E-commerce distribution of apparel and accessories
Germany	Esprit Wholesale GmbH	100%	EUR	5,000,000	Wholesale distribution of apparel and accessories
Germany	Esprit Europe Services GmbH	100%	EUR	2,700,000	Sourcing, purchase and sale of merchandise, distribution of merchandise and other logistic functions, including customs dealing and quality control; holding and licensing of trademarks; and treasury services to European group subsidiaries
Germany	Esprit Design & Product Development GmbH	100%	EUR	100,000	Provision of services to the worldwide Esprit Group in relation to the development of designs, styles and prototypes for the sales line of ESPRIT products
Germany	Esprit Card Services GmbH	100%	EUR	25,000	Issuance, accounting of and service in connection with Gift Card, as provided to certain European group subsidiaries and distribution partners in Europe
Germany	Esprit Global Image GmbH	100%	EUR	25,000	Design and image directions; conceptualization and development of global uniform image; conceptualization and development of global image direction within product development
Hong Kong	Esprit Retail (Hong Kong) Limited	100%	HKD	10,000	Retail distribution of apparel and accessories
Hong Kong	Esprit Regional Distribution Limited	100%	HKD	10,000	Wholesale and E-commerce distribution of apparel and accessories and provision of services

7. PRINCIPAL SUBSIDIARIES (CONTINUED)

(b) Discontinued operations during the year ended 31 December 2024: (Continued)

Place of incorporation/operation	Name of subsidiary	Attributable equity interest to the Group (note a)	Currency (note d)	Issued and fully paid share capital/ registered capital (note b)	Principal activities
Italy	Esprit Italy Distribution S.R.L.	100%	EUR	12,750	Wholesale distribution of apparel and accessories
Luxembourg	Esprit Luxembourg S.à r.l.	100%	EUR	250,000	Retail distribution of apparel and accessories
The Netherlands	Esprit Europe Holdings B.V.	100%	EUR	30,000,000	Investment holding
The Netherlands	Esprit Europe B.V.	100%	EUR	1,500,000	Investment holding, wholesale and retail distribution of apparel and accessories, and licensing of trademarks
The Netherlands	Esprit Nederland B.V.	100%	EUR	250,000	Investment holding
Norway	Esprit (Norway) AS	100%	NOK	30,001	Wholesale distribution of apparel and accessories
Poland	Esprit Poland Retail Sp. z o.o.	100%	PLN	5,147,200	Retail distribution of apparel and accessories
Spain	Esprit de Corp (Spain) S.L.	100%	EUR	10,000	Wholesale distribution of apparel and accessories
Sweden	Esprit Sweden AB	100%	SEK	500,000	Wholesale and retail distribution of apparel and accessories
Switzerland	Esprit Switzerland Retail AG	100%	CHF	500,000	Retail distribution of apparel and accessories
Switzerland	Esprit Switzerland Distribution AG	100%	CHF	100,000	Wholesale distribution of apparel and accessories
United Kingdom	Esprit GB Limited	100%	GBP	1	Wholesale distribution of apparel and accessories
United States	Esprit US Retail Inc.	100%	USD	1	Retail and E-commerce distribution of apparel and accessories
United States	Esprit US Distributions Limited	100%	USD	1	Wholesale distribution of apparel and accessories and provision of services

note a): All subsidiaries were held indirectly by the Company (Esprit Holdings Limited), except Esprit Global Limited and Esprit GTM Limited.

note b): All are ordinary share capital unless otherwise stated.

note c): Wholly foreign owned enterprise.

note d): The 'Currency' column represents the functional currency of each subsidiary, being the currency of the primary economic environment in which the entity operates.

BALANCE SHEET

HK\$'000	As at 31 December 2025	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020	As at 30 June 2020	As at 30 June 2019	As at 30 June 2018	As at 30 June 2017
Non-current assets										
Intangible assets	264,451	267,928	1,296,327	1,595,137	1,727,370	1,877,895	1,640,317	2,050,252	2,063,390	2,851,009
Property, plant and equipment	257	105	177,230	316,484	367,800	509,304	530,853	1,128,439	1,570,832	1,900,414
Right-of-use assets	1,315	2,456	1,279,736	1,629,700	2,033,113	2,262,235	2,206,504	-	-	-
Investment properties	-	-	-	-	-	-	-	26,767	24,397	22,538
Financial assets at fair value through profit or loss	110	1,108	2,429	2,480	3,575	11,002	9,694	12,116	-	-
Financial assets at fair value through other comprehensive income	217	-	47,378	2,254	-	-	-	-	-	-
Loan to a joint venture	-	21,443	-	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	-	-	-	7,104	7,123
Debtors, deposits and prepayments	1,547	1,518	344,360	365,339	416,193	391,784	344,785	119,504	140,159	174,013
Deferred tax assets	-	-	27,333	62,452	41,619	50,904	32,270	558,972	523,948	821,449
Net current assets	52,781	37,589	104,264	2,230,794	3,008,743	1,622,868	711,361	3,100,926	5,004,406	6,091,317
Total assets less current liabilities	320,678	332,147	3,279,057	6,204,640	7,598,413	6,725,992	5,475,784	6,996,976	9,334,236	11,867,863
Equity										
Share capital	28,308	283,082	283,082	283,082	283,082	188,721	188,721	188,721	188,721	194,417
Reserves	120,112	(105,588)	1,682,561	3,951,559	4,833,700	4,050,596	2,580,428	6,524,656	8,838,085	11,348,211
Total equity	148,420	177,494	1,965,643	4,234,641	5,116,782	4,239,317	2,769,149	6,713,377	9,026,806	11,542,628
Non-current liabilities										
Bank loans	-	-	-	-	-	8,796	8,148	-	-	-
Long-term borrowings	125,687	109,000	-	-	-	-	-	-	-	-
Lease Liabilities	919	-	1,189,008	1,577,743	2,065,472	2,009,790	2,467,236	-	-	-
Retirement defined benefit obligations	-	-	11,055	4,725	17,866	30,740	26,110	30,491	25,700	-
Deferred tax liabilities	45,652	45,653	113,351	387,531	398,293	437,349	205,141	253,108	281,730	325,235
Total non-current liabilities	172,258	154,653	1,313,414	1,969,999	2,481,631	2,486,675	2,706,635	283,599	307,430	325,235
Total equity and non-current liabilities	320,678	332,147	3,279,057	6,204,640	7,598,413	6,725,992	5,475,784	6,996,976	9,334,236	11,867,863

Notes:

- On 28 December 2020, the Board announced that the financial year end date of the Company has been changed from 30 June to 31 December commencing from the financial period ended 31 December 2020 in order to align its financial year end date with that of other global fashion brands and companies and to symbolise a new beginning of the Company, subsequent to the termination of the Protective Shield Proceedings of its six German Subsidiaries.
- The Group adopted IFRS 16 with effect from 1 July 2019 and has changes its accounting policies in relation to lease liabilities. Under the transition methods chosen, the Group recognises the cumulative effect of the initial application of IFRS 16 as an adjustment to the opening balance at equity at 1 July 2019. Comparative information in years earlier than 2020 is not restated and in accordance with the policies applicable in those years.
- The Group adopted IFRS 9 and IFRS 15 with effect from 1 July 2018 and has changed its accounting policies in relation to financial instruments and revenue recognition. Under the transition methods chosen, the Group recognises the cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 July 2018. Comparative information in years earlier than 2019 is not restated and in accordance with the policies applicable in those years.

STATEMENT OF PROFIT OR LOSS

HK\$'000	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2021	For the six months ended 31 December 2020	For the year ended 30 June 2020	For the year ended 30 June 2019	For the year ended 30 June 2018	For the year ended 30 June 2017
Revenue	20,477	1,592,555	5,912,495	7,062,703	8,315,621	886,222	9,874,077	12,931,844	15,455,013	15,942,484
Operating (loss)/profit	(38,682)	(1,232,201)	(2,546,505)	(641,942)	416,641	(2,252,252)	(3,447,481)	(2,080,433)	(2,252,696)	(101,616)
Share of results from a joint venture	-	-	(3,749)	(1,246)	-	-	-	-	-	-
Share of results from associates	-	-	-	-	-	1,937,541	-	-	-	-
Loss on remeasurement	-	-	-	-	-	(68,000)	-	-	-	-
Interest income	662	1,001	14,283	4,715	1,653	2,104	53,851	49,506	57,652	44,032
Finance costs	(4,620)	(26,981)	(46,110)	(44,541)	(32,113)	(15,173)	(99,346)	(35,077)	(31,021)	(48,149)
(Loss)/profit before taxation	(20,535)	(1,258,181)	(2,582,081)	(683,014)	386,181	(395,780)	(3,492,976)	(2,066,004)	(2,226,065)	(105,733)
Taxation (charge)/credit	(3)	31,386	243,544	19,159	(5,015)	(18,541)	(498,542)	(78,249)	(328,000)	173,172
(Loss)/profit attributable to shareholders of the Company	(20,538)	(1,226,795)	(2,338,537)	(663,855)	381,166	(414,321)	(3,991,518)	(2,144,253)	(2,554,065)	67,439

Notes:

- On 28 December 2020, the Board announced that the financial year end date of the Company has been changed from 30 June to 31 December commencing from the financial period ended 31 December 2020 in order to align its financial year end date with that of other global fashion brands and companies and to symbolise a new beginning of the Company, subsequent to the termination of the Protective Shield Proceedings of its six German Subsidiaries.

