



米蘭站控股有限公司

MILAN STATION HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

STOCK CODE : 1150

2025

ANNUAL REPORT

年報

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Bo
Ms. Ji Guiping

Independent Non-executive Directors

Mr. Chan Chi Hung
Mr. Tou Kin Chuen
Mr. Choi Kam Yan, Simon

AUDIT COMMITTEE

Mr. Tou Kin Chuen (*Chairman*)
Mr. Chan Chi Hung
Mr. Choi Kam Yan, Simon

REMUNERATION COMMITTEE

Mr. Tou Kin Chuen (*Chairman*)
Mr. Chan Chi Hung
Mr. Hu Bo

NOMINATION COMMITTEE

Mr. Hu Bo (*Chairman*)
Mr. Chan Chi Hung
Mr. Tou Kin Chuen

AUDITORS

McMillan Woods (Hong Kong) CPA Limited
24/F., Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

COMPANY SECRETARY

Ms. Tam Tsz Yan

AUTHORISED REPRESENTATIVES

Mr. Hu Bo
Ms. Tam Tsz Yan

REGISTERED OFFICE

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

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A9, 3F., Block A
Hong Kong Industrial Centre
489-491 Castle Peak Road
Lai Chi Kok, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

COMPANY'S WEBSITE

www.milanstation.com.hk

STOCK CODE

1150

PRINCIPAL BANKERS

HONG KONG

OCBC Wing Hang Bank Limited
DBS Bank (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

Financial Highlights

The following table sets forth certain financial ratio of Milan Station Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as of the date for the years indicated:

	Notes	Year ended 31 December	
		2025	2024
Profitability ratio			
Gross profit margin (%)	1	9.5	7.4
Net profit/(loss) margin (%)	2	1.9	(23.6)
Return on assets (%)	3	2.1	(25.4)
Return on equity (%)	4	3.2	(36.5)
Liquidity ratio			
Current ratio	5	4.1	4.9
Quick ratio	6	3.2	3.0
Gearing ratio (%)	7	38.5	26.0
Inventory turnover days	8	97	150

Notes:

- Gross profit margin is calculated based on the gross profit for the year divided by revenue and multiplied by 100%.
- Net loss margin is calculated based on the (loss)/gain for the year divided by revenue and multiplied by 100%.
- Return on assets is calculated based on the (loss)/gain for the year divided by the total assets at the end of the year and multiplied by 100%.
- Return on equity is calculated based on the (loss)/gain for the year divided by total equity at the end of the year and multiplied by 100%.
- Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the year.
- Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities as at the end of the year.
- Gearing ratio is calculated based on the borrowings and obligations under a finance lease divided by total equity at the end of the year and multiplied by 100%.
- Inventory turnover days is calculated based on the average of opening and closing inventory balances for the year, divided by the total cost of sales during the year multiplied by the number of days for the respective year incurring cost of sales.

Director's Statement

Dear Shareholders,

In 2025, the Hong Kong luxury market is navigating a structural transformation rather than a simple cyclical recovery. The “Golden Age” of high-volume mainland spending has been replaced by a more fragmented, value-conscious, and experiential landscape. Handbags remain the primary engine of Hong Kong’s luxury sector. Despite broader retail pressures, the category saw a significant growth in high-value transactions over the past year.

The management kept monitoring and continued to strength our core business and seek for better growth prospects and returns. The Group continued to actively integrate traditional retail networks, enrich product portfolio to cater for consumers’ changing preferences and actively identify business with profitability capabilities. The Group also kept abreast of the changes in the rental market, negotiated with landlords and adjusted the store portfolio from time to time to ensure that the site selected for the stores met the requirements for cost effectiveness.

During the year, the financial market in Hong Kong was volatile. The Group will closely monitor the performance of this business. The Group will keep adopting a prudent investment attitude with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

In the future, we will continue to monitor closely the market trends and take flexible measures and at the same time continue to invest resources on brands and businesses to achieve a long term and sustainable growth.

Our core development strategies are to continue consolidating our leading position in the Hong Kong market, further promoting local consumption, expanding diversified businesses targeting at capturing the development potential of the second-hand handbags market, developing the trading of luxury watches market, increasing the sales channels, expanding the e-commerce segment and at the same time taking a prudent approach to develop the Chinese Mainland market. Specifically, we will open retail stores in Hong Kong to cater for local consumer market, negotiate rent concession with landlords aiming at controlling rental costs, focus on mid-priced brands sales to improve our gross profit margin, reposition our staff to enhance operation efficiency, actively search for the opportunities to acquire profitable businesses, enrich the brand portfolio of the Group to attract more potential customers. Going forward, the Group will continue to pursue opportunities to keep up with the evolving marketplace and optimize its corporate strategy of creating long-term value for shareholders and also focus more on the environmental, social and governance matter including but not limited to participating or investing in environmental projects.

Finally, I would like to take this opportunity to extend my sincere gratitude to the fellow members of the Board, the management and staff for their contribution to Milan Station in the past year and to shareholders and customers for their long-lasting support to Milan Station. In 2026, we will devote more energetic spirit and keep up our efforts to experiment with different approaches to business development with the aim of generating appropriate returns to our shareholders.

Hu Bo
Director

Hong Kong, 30 March 2026

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

Hong Kong's luxury market has entered a phase of stabilization following the post-pandemic volatility. Total retail sales for 2025 showed modest growth of approximately 1%, but the luxury segment outperformed the general market with a solid 1.9% to 3.6% increase in high-value categories.

Besides, handbags have officially transitioned from fashion accessories to alternative investment assets by referring to the auction records and the record on secondary market.

Corporation may have to be more careful in their business plans in the face of various headwinds such as the uncertainty of the development and effect of China-US relations, geopolitical tensions, economic conditions, customers behavior and government policies.

BUSINESS REVIEW

During the the year ended 31 December 2025 (the "Reporting Year"), the Group's total revenue increased by approximately 12% to approximately HK\$125.3 million. The revenues generated in the markets of Hong Kong only of the Group's revenue. The Group's gross profit at approximately HK\$11.9 million, which was increased by approximately 43.4% as compared to last year. The net loss for the Reporting Year decreased by approximately HK\$27.9 million from net loss of approximately HK\$26.4 million to net profit of approximately HK\$1.5 million mainly due to the recognition of fair value gain on financial asset at fair value through profit or loss and decrease in selling expenses and impairment loss on property, plant and equipment and right-of-use assets.

Management Discussion and Analysis

Hong Kong

During the Reporting Year, sales of the Group in Hong Kong increased by 12% to approximately HK\$125.3 million. The revenue came from the 5 “Milan Station” retail stores in Hong Kong and the online sales platform directly managed by the Group and the product sales in other new sales channels.

The Group adhered to the principle of providing genuine and certified products for its customers and formulated stringent and systematic product certification programs. During the Reporting Year, the Group continued to devote more human resources to the management of merchandise quality, and strengthened the product certification programs with the finer division of labor to ensure that all the products were inspected by professional team. These measures helped the Group to maintain the “Milan Station” brand reputation and earn market recognition, pursuant to which it strengthened the Group’s leading position in the luxury handbags trading industry under the adverse operating environment.

As at 31 December 2025, the Group held the listed securities in Hong Kong with the fair value of HK\$57.4 million under financial assets at fair value through profit or loss. The Group recognised a fair value gain on financial assets at fair value through profit or loss of approximately HK\$15.7 million and gain on disposal of financial assets at fair value through profit or loss of approximately HK\$1.7 million. In light of the recent volatile financial market in Hong Kong, the Group will closely monitor the performance of this business and keep adopting a prudent investment attitude with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

Chinese Mainland

During the Reporting Year, no revenue was generated in Chinese Mainland.

Macau

During the Reporting Year, no revenue was generated in Macau.

Significant Investments

The Group held significant investments under financial assets at fair value through profit or loss as below:

Company	Stock code	Fair value as at	Addition	Proceed	Gain on disposal	Fair value	31 December 2025	Percentage of shareholding	Approximate percentage to the total assets
		1 January 2025				gain/(loss)			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(approximately)	
China Investment and Finance Group Limited	1226	6,198	697	-	-	(2,837)	4,058	1.3%	3.6%
Harbour Digital Asset Capital	913	5,278	-	-	-	(1,111)	4,167	3.9%	3.7%
BFB Health Limited	205	-	3,018	-	-	13,122	16,140	1.9%	14.4%
Tai Kam Holdings Limited	8321	3,029	-	-	-	5,879	8,908	1.7%	7.9%
Others		20,510	4,478	(3,282)	1,704	679	24,089		
		35,015	8,193	(3,282)	1,704	15,732	57,362		

Management Discussion and Analysis

As at 31 December 2025, the Group held (i) approximately 5.4 million shares (approximately 1.3%) of China Investment and Finance Group Limited, which is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and principally engaged in securities trading and investment holding, at investment cost of approximately HK\$2.6 million; (ii) approximately 13.9 million shares (approximately 3.9%) of Harbour Digital Asset Capital Limited, which is listed on the Stock Exchange and principally engaged in the investments in listed and unlisted securities, at investment cost of approximately HK\$3.4 million; (iii) approximately 24.1 million shares (approximately 1.9%) of BFB Health Limited (formerly known as SEEC Media Group Limited), which is listed on the Stock Exchange and principally engaged in the provision of advertising services, provision of securities broking services including brokerage, financing and underwriting and placement, money lending and e-commerce, at investment cost of approximately HK\$3 million; (iv) approximately 8.9 million shares (approximately 1.7%) of Tai Kam Holdings Limited, which is listed on the Stock Exchange and principally engaged in construction business mainly site formation works and renovation works in Hong Kong, at investment cost of approximately HK\$1.5 million. The Group adopted a passive investment strategy for the investments and maintain a diversified investment portfolio to mitigate risks.

MONEY LENDING BUSINESS

Business Model

The Group’s money lending business is managed through a wholly-owned subsidiary with money lenders license issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group target to provide both secured or unsecured loans to different customers which included individuals and corporations mainly in Hong Kong and PRC. The source of customers is mainly past customers which consists of entrepreneurs and sizable enterprises or referrals by the directors. The source of funds for the money lending business is funded by the internal resources of the Group.

Major Terms of Loans Granted

As at 31 December 2025, the loan receivables were due from ten independent third parties. The interest rates of the loan receivables are 8% per annum. The total loan receivables are HK\$2.9 million. All of the loan receivables are unsecured, of which the largest loan receivables of approximately HK\$1.8 million and the five largest loan receivables represent 100% of the total loan receivables. All loan receivables were matured within twelve months as of 31 December 2025. The aged analysis of the loan receivables as at 31 December 2025 is within 1 year.

Risk management policies

The Group manages credit risk through review and credit approval and post-transaction monitoring processes. An independent credit risk assessment has been performed before granting the loans which including but not limited to the background check, income or asset proof of individual customers and financial reports of corporate customers. Besides, verification of the authenticity of the information will be performed. Upon the completion of credit assessment procedures, the Group will propose loan terms, which include loan size, loan tenure, interest rate, guarantee and collateral, with reference to the prime lending rate offered by commercial banks, prevailing interest rates offered by other money lending institutions in the market and internal credit risk rating of the borrowers and ensure that the Company complies with the Money Lenders Ordinance. The proposed loans will then be passed to the directors for review and approval.

Management Discussion and Analysis

The Company has also adopted the procedures on monitoring loan repayment and recovery which involve (a) finance department is required to submit management accounts to the board of directors of the Company and report on the financial and business performance quarterly; (b) finance department required to report the repayment status of all loans to the board of directors of the Company quarterly and report for any material defaulted loans immediately upon occurrence; In respect of overdue loans, the finance managers will proactively contact the borrowers to understand the reasons for overdue repayments and assess the repayment ability of the borrowers by considering factors including but not limited to the business, financial and economic conditions that may affect the repayment ability of the borrowers; actual and expected financial performance and cashflows of the borrowers; and probability of the borrowers entering into bankruptcy or other financial reorganisation. After assessing the repayment ability of the borrowers, the directors may choose to negotiate new repayment schedules with the borrowers if the underlying default risk is considered to be acceptable. In respect of delinquent loans with significant default risk, the standard demand letters will be issued. If no satisfactory response is received, formal legal demand letters will be issued. Thereafter formal legal proceedings may be issued where appropriate.

Loan impairments

The Group will consider both general and specific provision on the impairment of the loan receivables. Specific provision will be considered when the customers are bankrupt, liquidation or any probably events which indicate the occurrence on the default of payments. The Group based on the borrowers' current financial status by communicating with the borrowers, referring to their past and current repayment records, loan terms, and the value of the collaterals, and will make further additional independent adjustments, to calculate the loan impairment for the year.

In 2025, the loan impairment is assessed by three-stage model for impairment based on changes in credit quality since initial recognition which outlined by HKFRS 9. Since the economic downturn continued due to the continuation of the epidemic which may affect the repayment ability of the borrower, thus affecting the Group's expectation to each of the borrowers on their ability to repay their debts. Therefore, the Group considered that the default rate of each borrowers increased, thus general provision on the loan impairment was recognized due to the expected credit losses. The Group has appointed an independent valuer to assess the impairment of the loan receivables. General approach is adopted to assess the expected credit losses of loan receivables in which the loss rate is derived from the probability of default and loss given default. The probability of default is extracted from Refinitiv, Moody's or other public sources are assumed to be unbiased. The allowance of expected credit losses of loan and interest receivables is approximately HK\$10.3 million (2024: HK\$11 million). The decrease in the allowance of expected credit losses was mainly due to the certain borrowers' repayment of debts has been received during the Reporting Year. The credit loss rate of borrowers was ranged from 50% to 100%, therefore the grants of loans were fair and reasonable.

Management Discussion and Analysis

Outlook

Domestically, the government starts launching different promotion to attract visitors and stimulate the tourism which encourage the public to spend in local retail, consumption-related sectors, hence stimulating local consumer sentiment. The improved local business sentiment, coupled with the support from various government relief measures, should help domestic demand to improve in the period ahead and accelerating local economic recovery.

Looking ahead, local consumption may rebound which will be supported by anticipated interest rate cuts and a “repatriation” of luxury spending as brands narrow the price gap between Hong Kong and Europe. However, various uncertainty such as the uncertainty of the development and effect of China-US relations, geopolitical tensions, economic conditions, customers behavior and government policies has cast uncertainty over the global economic outlook. The management therefore should continue to catch up any opportunities arose in this market and continued to strengthened our resources in order to maintain the leading position in the luxury handbags and accessories trading industry. Simultaneously, the management will also impose more prudent business policy to operate with great caution and lead the Group through unprecedented challenges.

FINANCIAL REVIEW

Revenue

During the Reporting Year, total revenue increased to approximately HK\$125.3 million, representing an increase of approximately 12% as compared with approximately HK\$111.9 million recorded in last year. Handbags were the most important product category for the Group, representing over 98.7% of the total revenue of the Group. The revenue generated from the sales of unused products increased to approximately HK\$96.6 million for the Reporting Year, representing approximately 77.1% of the total revenue of the Group.

Since all of the retail shops under the brand name of “Milan Station” are located in Hong Kong, the source of revenue also concentrates in the Hong Kong market. For the year ended 31 December 2025, the revenue generated from the Hong Kong market was approximately HK\$125.3 million, representing approximately 100% of the total revenue of the Group. No revenue was generated from the Chinese Mainland and Macau markets during the Reporting Year.

Management Discussion and Analysis

The table below sets out the breakdown of the Group's revenue recorded for the years ended 31 December 2025 and 2024 by product categories, by price range of products and by geographical locations and their respective percentages to the total revenue of the Group:

	For the year ended 31 December				
	2025		2024		Percentage change in revenue
	HK\$ million	Percentage of total revenue	HK\$ million	Percentage of total revenue	
	HK\$ million	%	HK\$ million	%	%
By product categories (handbags and other products)					
Handbags	123.7	98.7	110.0	98.3	12.5
Other products*	1.6	1.3	1.9	1.7	(15.8)
Total	125.3	100	111.9	100	12.0
By product categories (unused and second-hand products)					
Unused products	96.6	77.1	81.9	73.2	17.9
Second-hand products	28.7	22.9	30.0	26.8	(4.3)
Total	125.3	100	111.9	100	12.0
By price range of products					
Within HK\$10,000	8.9	7.1	10.8	9.6	(17.6)
HK\$10,001 – HK\$30,000	27.2	21.7	26.9	24.0	1.1
HK\$30,001 – HK\$50,000	16.5	13.2	16.4	14.7	0.6
Above HK\$50,000	72.7	58.0	57.8	51.7	25.8
Total	125.3	100	111.9	100	12.0
By geographical locations					
Hong Kong	125.3	100	111.9	100	12.0

* Other products include others accessories.

Management Discussion and Analysis

Cost of sales

For the Reporting Year, cost of sales for the Group was approximately HK\$113.3 million, increased by 9.5% year-on-year. Cost of sales mainly consisted of cost of inventories sold by the Group's suppliers.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Year increased by HK\$3.6 million to approximately HK\$11.9 million, with its gross profit margin increased from 7.4% to 9.5%. The increase was mainly due to the sales of high profit margin inventories.

Inventories

The Group's total inventories as at 31 December 2025 and 2024 were HK\$22.5 million and HK\$37.8 million respectively. Inventory turnover days of the Group changed to 97 days for the year ended 31 December 2025 (2024: 150 days).

The following table sets forth an aging analysis of inventories for the Group's handbag products as at 31 December of the two comparative years:

	31 December	
	2025	2024
	HK\$'000	HK\$'000
Aging of inventories (handbags products)		
0 to 90 days	5,969	9,615
91 to 180 days	1,816	5,099
181 days to 1 year	3,266	6,761
Over 1 year	11,206	15,939
Total	22,257	37,414

The following table sets forth an aging analysis of inventories for the Group's other products as at 31 December of the two comparative years:

	31 December	
	2025	2024
	HK\$'000	HK\$'000
Aging of inventories (other products)		
0 to 45 days	10	8
46 to 90 days	42	24
91 days to 1 year	168	105
Over 1 year	56	206
Total	276	343

Management Discussion and Analysis

The following table sets forth an aging analysis of inventories for the Group's premium priced handbag products over HK\$50,000 as at 31 December of the two comparative years:

	31 December 2025	2024
	HK\$'000	HK\$'000
Aging of inventories (handbags products over HK\$50,000)		
0 to 90 days	1,839	8,121
91 to 180 days	2,798	3,108
181 days to 1 year	240	4,188
Over 1 year	8,665	10,466
Total	13,542	25,883

Other income

During the Reporting Year, other income and gains amounted to approximately HK\$1.3 million, decreased by approximately HK\$0.3 million as compared to other income and gains amounted to approximately HK\$1.6 million in last year. It was mainly attributable to the decrease in interest income on loan receivables.

Other gains/(losses), net

During the Reporting Year, other gains amounted to approximately HK\$18.2 million, as compared with other gains amounted to approximately HK\$13.2 million in last year. It was mainly attributable to the increase in fair value gain on financial assets at fair value through profit or losses.

Selling expenses

The major items of the Group's selling expenses include rent and rates, employee benefit expenses for sales staff and bank credit card charges. For the Reporting Year, selling expenses of the Group were approximately HK\$15.6 million, representing 12.5% of the Group's revenue (2024: approximately HK\$21.6 million, representing approximately 19.3% of the Group's revenue). Selling expenses decreased mainly due to the decrease in depreciation, salaries and marketing expenses.

Administrative and other operating expenses

Administrative and other operating expenses of the Group for the Reporting Year amounted to approximately HK\$11.7 million, decreased by approximately HK\$2.1 million as compared to last year on a year-on-year basis, representing approximately 9% of the total revenue. The Group's administrative and other operating expenses mainly consisted of the depreciation of right-of-use assets, directors' remuneration, salaries and employee benefit expenses for the senior management and administrative staff, as well as legal and professional expenses. The decrease in administrative and other operating expenses was mainly due to the decrease in salaries.

Finance costs

Finance costs of the Group mainly consisted of interest expenses on bond payables and lease liabilities. Finance costs amounted to approximately HK\$1.6 million in the Reporting Year, decreased by HK\$0.01 million as compared with last year.

Management Discussion and Analysis

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company for the Reporting Year increased from loss of approximately HK\$26.4 million for the year ended 31 December 2024 to profit of approximately HK\$1.5 million. Earning per share attributable to the owners of the Company was approximately HK0.14 cents for the Reporting Year, as compared to loss per share attributable to the owners of the Company of approximately HK2.74 cents for the year ended 31 December 2024.

Employees and remuneration policy

As at 31 December 2025, the Group had a total of 20 employees (2024: 18 employees). The gender ratio of the Group's workforce (including senior management) was approximately 50% male to approximately 50% female. Excluding senior management, the Group had 5 male employees (35%) and 9 female employees (65%). The Group had 6 senior management, of which 5 were male (83%) and 1 was female (17%). The Group shall continue to take into account diversity perspectives including gender diversity in its hiring of employees from time to time. The Group's remuneration policy was determined according to the position, performance and experience of the staff as well as the market trend. Staff benefits of the Group include basic salaries, subsidies, insurance and commission/bonus. The remuneration policy was reviewed by the Board from time to time. The emoluments of the directors of the Company (the "**Directors**") were reviewed by the remuneration committee of the Company (the "**Remuneration Committee**") and recommended to the Board for approval after considering the Group's operating results, individual performance and comparing with marketing conditions.

Liquidity and financial resources

As at 31 December 2025 and 31 December 2024, the Group did not have any bank borrowing.

As at 31 December 2025, the Group's total balance of cash and cash equivalents, total liabilities and shareholders' equity were approximately HK\$8.1 million, HK\$39.1 million and HK\$73.2 million respectively (2024: approximately HK\$11.2 million, HK\$31.5 million and HK\$72.2 million respectively). The Group's gearing ratio, current ratio and quick ratio as at 31 December 2025 were approximately 40%, 3.9 and 3.1 respectively (2024: 26.0%, 4.9 and 3.0 respectively).

Pledge of assets

As at 31 December 2025 and 31 December 2024, the Group had no assets and bank deposits were pledged to banks to secure the bank borrowing and general banking facilities granted to the Group.

Foreign exchange policy

The Group carried on its trading transactions mainly in Hong Kong dollars and Renminbi ("**RMB**"). It is the Group's policy to continue maintaining the balance of its sales and purchases in the same currency. The Group did not have any hedging arrangement on foreign exchange. The Directors are of the view that the transactional exposure of the Group in currencies other than the functional currencies is maintained at an acceptable level.

Contingent liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities.

Capital commitments

The Group did not have any capital commitments regarding any for purchase of property, plant and equipment as at 31 December 2025.

Biographical Details

EXECUTIVE DIRECTORS

Mr. Hu Bo (“**Mr. Hu**”), aged 49, was appointed as an executive Director on 6 June 2016. He was graduated from Dongbei University of Finance and Economics in 2002. He has extensive experience in sales and marketing strategies and management. Prior joining to the Group, he was the Sales Director and Deputy General Manager at Shenzhen Huayi Technology Co., Limited (深圳華億信息科技有限公司).

Ms. Ji Guiping (“**Ms. Ji**”), aged 51, was appointed as an executive Director on 27 February 2025. She has 8 years of extensive experience in various fields of sales, marketing, data analysis and corporate management. She has worked as chief information officer in a sizable merchandising corporation in the People’s Republic of China from 2016 to 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Hung (“**Mr. Chan**”), aged 53, was appointed as an independent non-executive Director on 22 July 2015. He holds a Bachelor of Science Degree with major in Economics with University of Minnesota, and is an alumni of Stanford Graduate School of Business with a certificate of Stanford Executive Program. He is currently a non-executive director of Build King Holdings Limited (a company listed on the Stock Exchange, stock code: 240) since 4 December 2008. He was an executive director of EPI (Holdings) Limited (a company listed on the Stock Exchange, stock code: 689) during the period from 30 December 2014 to 14 June 2018, an executive director and the managing director of Long Investment Corp (formerly known as Long Corp and China Financial Leasing Group Limited) (a company listed on the Stock Exchange, stock code: 2312) during the periods from 26 April 2007 to 24 July 2007 and from 24 July 2008 to 15 July 2013, respectively, and an independent non-executive director of DIT Group Limited (a company listed on the Stock Exchange, stock code: 726) during the period from 30 December 2014 to 14 June 2018. Mr. Chan was the investment manager of Springfield Financial Advisory Limited, in charge of private equity, fund-of-funds and fixed income investment portfolios. He started his career as a banker at J.P. Morgan Chase.

Mr. Tou Kin Chuen (“**Mr. Tou**”), aged 50, was appointed as an independent non-executive Director on 22 July 2015. He is the principal of Roger K.C. Tou & Co. Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a Honours Diploma in Accounting in 2001. He has over 20 years’ experience in audit, taxation, company secretarial, insolvency and finance. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong. He was an independent non-executive director of LET Group Holdings Limited (a company delisted from the Stock Exchange on 1 September 2025). He is currently an independent non-executive director of Imperium Financial Group Limited (a company listed on the Stock Exchange, stock code: 8029).

Mr. Choi Kam Yan, Simon (“**Mr. Choi**”), aged 42, was appointed as an independent non-executive Director on 1 February 2018. He was an executive director of Flydoo Technology Holding Limited (a company listed on the Stock Exchange, stock code: 8069) during the period from 30 September 2022 to 1 June 2023. Before Flydoo Technology Holding Limited, he worked with Supreme China Securities Limited as the marketing manager which was responsible for the managerial works and monitoring the overall business. Mr. Choi obtained Bachelor Degrees in Business Administration-Finance and Economics from State University of New York at Stony Brook.

Biographical Details

SENIOR MANAGEMENT

Mr. Chan Hon Leung, aged 56, is the chief marketing officer of the Group. He joined the Group as a shop manager in 2001 and was responsible for purchasing procedures and sales transactions process; performing the product examination and reviewing daily reports. In 2007, he was promoted to a district manager of the Group and was responsible for supervising and monitoring the Group's retail operation and provide in-house training for the techniques to distinguish genuine products from counterfeit products and the procedures of checking anti-counterfeit features. Since 2009, he was appointed to be chief marketing officer of the Group. He is now responsible for the overall management of marketing department which includes determining the product portfolio, formulating the marketing and pricing strategies of the Group. In addition, he is currently in charge of the in-house training courses including product knowledge and techniques for product examination. He is also a member of the design team of the Group and is responsible for the development of products under "MS" brand. Through his employment with the Group, he has acquired about ten years of experience in the fashion retail industry.

Mr. Choi Wai Kei, aged 53, is the general manager of the Group. He joined the Group in 2013 and has over nineteen years of experience in practical retail operations and sales management in Hong Kong, China and Southeast Asia. He is currently responsible for overseeing the Group's retail operation. Before joining the Group, he worked as the South China General Manager in High Fashion International Limited, a company listed on the Main Board of the Stock Exchange, from May 2011 to January 2013; National General Manager (Greater China) in Marchiori from October 2009 to April 2011; and Regional Sales Manager (China) in G2000 (Apparel) Limited from July 2005 to September 2009.

COMPANY SECRETARY

Ms. Tam Tsz Yan, aged 31, was appointed as the company secretary of the Company on 2 November 2023. She holds a master's degree in corporate governance. She is currently an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. She has extensive work experience in the company secretarial profession.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The board (the “**Board**”) of directors (“**Directors**”) is committed to maintaining high standards of corporate governance and recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company had adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Main Board of the Stock Exchange as its own code of corporate governance practice.

During the Reporting Year, the Company had complied with all applicable code provisions under the CG Code save as disclosed below.

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board’s role to foster a corporate culture with the following core principles and to ensure that the Company’s vision, values and business strategies are aligned to it.

1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group’s employee handbook (including therein the Group’s code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group’s mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company’s strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries to the Directors, all the Directors confirmed that they complied with the required standards as set out in the Model Code for the Reporting Year.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group consistently employed a prudent treasury policy during its development and generally financed its operations and business development with internally generated resources and equity and/or debt financing activities. The Group also adopted flexible and prudent fiscal policies to effectively manage the Group’s assets and liabilities and strengthen the Group’s financial position.

Corporate Governance Report

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Group (comprising the Company and its subsidiaries) and oversees the Group's businesses, strategic decisions and performance. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management.

The Board currently consists of five members, including two executive Directors and three independent non-executive Directors. At least one of our independent non-executive Directors has the professional and accounting qualifications as required by the Listing Rules.

The Board schedules at least four regular meetings a year and also meets as and when required. During the Reporting Year, the Board held five regular meetings. The company secretary of the Company (the "**Company Secretary**") assists the Chairman in establishing the meeting agenda, and each Director may request inclusion of items in the agenda. Under code provision C.5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the Reporting Year, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the articles of association of the Company (the "**Articles of Association**"). The Board will use reasonable endeavour to meet the requirement of code provision C.5.3 of the CG Code in future. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors. In addition to regular Board meetings, the Chairman of the Board met with the non-executive Directors (including the independent non-executive Directors) without the presence of the executive Directors.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director is suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

The members of the Board and the attendance of each member during the Reporting Year are as follows:

	Directors	Number of attendance/ Eligible to attended
Executive Directors	Mr. Hu Bo	3/4
	Mr. Li Zhongqi (resigned on 27 February 2025)	N/A
	Ms. Ji Guiping (appointed on 27 February 2025)	2/3
Independent non-executive Directors	Mr. Chan Chi Hung	4/4
	Mr. Tou Kin Chuen	4/4
	Mr. Choi Kam Yan, Simon	4/4

Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and relevant committees at their next immediate meeting or within the period accepted by them. All minutes are kept by the Company Secretary and are open for inspection by the Directors.

Corporate Governance Report

The Board members have no financial, business, family or other material/relevant relationship with each other except those disclosed in the Directors' biographical details. Given the nature and business objectives of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. The list of Directors and their respective biographies are set out on page 14 of this annual report.

Pursuant to Article 84 of the Articles of Association, at each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting of the Company at least once every three year. All retiring Directors shall be eligible for re-election. All the Non-executive Directors (including the independent non-executive Directors) have been appointed for specific terms.

Article 83(3) of the Articles of Association provides that (i) any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the shareholders after his appointment and be subject to re-election at such meeting, and (ii) any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all shareholders are considered. All Independent Non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the nomination committee of the Company (the "**Nomination Committee**") and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

The Company has received from each independent non-executive director an annual confirmation of his independence, and the Company considers them to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

All Directors have full and timely access to all information of the Company and to the advice and services of the company secretary and senior management of the Company. Directors are generally entitled to seek independent professional advice on the discharge of their duties to the Company in appropriate circumstances upon request and at our Company's expense.

Corporate Governance Report

At the same time, the Company has formulated internal policies (including but not limited to the Articles of Association, the terms of reference of the Remuneration Committee, the audit committee of the Company (the “**Audit Committee**”) and the Nomination Committee) to ensure that the Board is provided with independent views and opinions. For the year ended 31 December 2025, the Company has reviewed the implementation and effectiveness of the above mechanism and is of the view that the above mechanism is able to ensure that the Board is provided with independent views and opinions.

The attendance of the Directors at the annual general meeting of the Company held on 26 June 2025 (“**2025 AGM**”), are as follows:

	Directors	2025 AGM
Executive Directors	Mr. Hu Bo	0/1
	Mr. Li Zhongqi (resigned on 27 February 2025)	N/A
	Ms. Ji Guiping (appointed on 27 February 2025)	0/1
Independent non-executive Directors	Mr. Chan Chi Hung	1/1
	Mr. Tou Kin Chuen	1/1
	Mr. Choi Kam Yan, Simon	1/1

DIRECTORS’ INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company has devised a training record in order to assist the Directors to record the training they have undertaken and they are asked to submit a signed training record to the Company on quarterly basis.

Newly appointed Director will be arranged a comprehensive, formal and tailored induction which includes provision of key guidelines, documents and publications relevant to their roles, responsibilities and ongoing obligations; a briefing on the Company’s structure, businesses, risk management and other governance practices and meeting with other fellow Directors so as to help the newly appointed Directors familiarize with the management, business and governance policies and practices of the Company, and ensure that they have a proper understanding of the operations and businesses of the Company.

During the Reporting Year, each individual Director has attended training courses or workshops relevant to his/her professional and/or duties as Director. A summary of the training they have received for the year ended 31 December 2025 is as follow:

	Directors	Course/ seminar provided/ accredited by professional body	Reading materials
Executive Directors	Mr. Hu Bo	–	✓
	Mr. Li Zhongqi (resigned on 27 February 2025)	–	✓
	Ms. Ji Guiping (appointed on 27 February 2025)	–	✓
Independent non-executive Directors	Mr. Chan Chi Hung	✓	–
	Mr. Tou Kin Chuen	✓	–
	Mr. Choi Kam Yan, Simon	✓	–

Corporate Governance Report

BOARD NOMINATION POLICY

The Nomination Committee shall endeavor to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Group and its shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board, the operating requirements of the Group. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

The Nomination Committee considers the following qualifications at a minimum to be required of any Board members in recommending to the Board potential new Board members, or the continued service of existing members:

- the highest professional and personal ethics;
- broad experience in business;
- ability to provide insights and practical wisdom based on their experience and expertise;
- commitment to enhancing shareholder value;
- sufficient time to effectively carry out their duties; their service on other boards of public companies should be limited to a reasonable number;
- compliance with legal and regulatory requirements; and
- ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with senior management of the Group.

BOARD DIVERSITY POLICY

During the Reporting Year, the Board adopted a board diversity policy (the “**Board Diversity Policy**”) setting out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of diversity of Board members. It endeavors to ensure that the Board had a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background and professional experience. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The Company will also take into account factors based on its own business model and specific needs from time to time.

Corporate Governance Report

The Nomination Committee reviewed the Board Diversity Policy and achievement of objectives and effectiveness of the Board Diversity Policy. In striving to attaining gender diversity, the Nomination Committee is delegated with authority to identify potential candidates through different means and channels, including use of external recruitment agencies and any other means that it deems appropriate.

Currently, the Board consists of five members who have accounting, auditing or financial expertise, professional qualifications, or experience related to the industry where the Company operates. As at 31 December 2025, the Board had four male Directors (80%) and one female Director (20%). The Nomination Committee has reviewed the policy concerning the diversity of Board members and believes that the Board has already had a diverse mix of gender, skills, knowledge and experience. The Company will strive to achieve gender balance of the Board through the following measures to be implemented by the Nomination Committee in accordance with the Board Diversity Policy. The Company will actively identify female individuals suitably qualified to become the Board members. To further ensure gender diversity of the Board in the long run, the Group will take opportunities to increase the proportion of female Board members, identify female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such individuals who possess qualities to become the Board members, which will be reviewed by the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

DIRECTORS REMUNERATION POLICY

The Company has adopted a director remuneration policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality Directors, senior management of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) was established on 28 April 2011 with specific written terms of reference in compliance with the CG Code. In January 2024, based on the recommendation of the Remuneration Committee, the Board has approved and adopted the revised terms of reference of the Remuneration Committee in light of the amendments of CG Code, and the same published on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee are to evaluate and make recommendations to the Board regarding the compensation of the Directors. In addition, the Remuneration Committee conducts reviews of the performance, and determines the compensation structure of the senior management.

During the Reporting Year, the Remuneration Committee comprises three Directors, a majority of whom are independent non-executive Directors. The Remuneration Committee held three meetings.

Corporate Governance Report

The members of the Remuneration Committee and the attendance of each member during the Reporting Year are as follows:

	Remuneration Committee Members	Number of attendance/ Eligible to attended
Independent non-executive Directors	Mr. Tou Kin Chuen (<i>Chairman</i>)	3/3
	Mr. Chan Chi Hung	3/3
Executive Director	Mr. Hu Bo	3/3

During the Reporting Year, the Remuneration Committee performed the following duties, among others:

- (1) reviewed the year end bonus and remuneration packages (including salary adjustments) of the Executive Directors and senior management with recommendations to the Board for approval;
- (2) reviewed the remuneration packages of the newly appointed executive Director and independent non-executive Directors with recommendations to the Board for approval;
- (3) reviewed the proposals for the grant of the share options under the Company's share option scheme with recommendations to the Board for approval; and
- (4) reviewed and/or approved matters relating to share schemes under Chapter 17 of the Listing Rules.

Corporate Governance Report

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration band	Number of individuals
Nil to HK\$1,000,000	3
HK\$1,000,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$6,500,000	–

Details of the remuneration of each Director for the year ended 31 December 2025 are set out in Note 12 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 20 January 2012 with specific written terms of reference in compliance with the CG Code. In December 2015 and January 2019, on the recommendation of the Nomination Committee, the Board has approved and adopted the revised terms of reference of the Nomination Committee in light of the amendments of CG Code, and the same published on the websites of the Stock Exchange and the Company. During the Reporting Year, the Nomination Committee comprises three Directors, a majority of whom are independent non-executive Directors. The Nomination Committee held three meetings.

The Company seeks to achieve Board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The members of the Nomination Committee and the attendance of each member during the Reporting Year are as follows:

Nomination Committee Members		Number of attendance/Eligible to attended
Executive Director	Mr. Hu Bo (<i>Chairman</i>)	3/3
Independent non-executive Directors	Mr. Chan Chi Hung	3/3
	Mr. Tou Kin Chuen	3/3

Corporate Governance Report

During the Reporting Year, the Nomination Committee performed the following duties, among others:

- (a) reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- (b) assessed the independence of all independent non-executive Directors;
- (c) made recommendations to the Board on the nomination of Directors for re-election at the annual general meeting of the Company;
- (d) identified individual suitably qualified to become the executive Directors and independent non-executive Directors and made recommendation to the Board on the selection of individual nominated for the executive Directors and independent non-executive Directors;
- (e) monitored the implementation of the Board Diversity Policy; and
- (f) determined the policy, procedures and criteria for the nomination of Directors.

AUDIT COMMITTEE

The Audit Committee was established on 28 April 2011 with specific written terms of reference in compliance with the CG Code. In December 2015 and January 2019, on the recommendation of the Audit Committee, the Board has approved and adopted the revised terms of reference of the Audit Committee in light of the amendments of CG Code, and the same published on the websites of the Stock Exchange and the Company.

The Audit Committee is responsible for reviewing and supervising the financial reporting process and internal control system as well as risk management function of the Group and providing advice and comments to the Board.

During the Reporting Year, the Audit Committee held two meetings.

The members of the Audit Committee and the attendance of each member during the Reporting Year are as follows:

Audit Committee Members		Number of attendance/Eligible to attended
Independent non-executive Directors	Mr. Tou Kin Chuen (<i>Chairman</i>)	2/2
	Mr. Chan Chi Hung	2/2
	Mr. Choi Kam Yan, Simon	2/2

Corporate Governance Report

During the Reporting Year, the Audit Committee performed the following duties, among others:

- (a) reviewed and discussed with the management of the Company the accounting principles and practices adopted by the Group as well as financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2025 and the audited financial statements for the year ended 31 December 2024 with recommendation to the Board for approval;
- (b) reviewed reports on internal control system covering corporate governance, internal control, financial, operational (including information security) and compliance functions;
- (c) considered the independent auditor's independence and fee in relation to the unaudited interim financial statements of the Group for the six months ended 30 June 2025 and the audited financial statements of the Group for the year ended 31 December 2024;
- (d) recommended the Board on the re-establishment of the Internal Audit Department of the Group; and
- (e) recommended the Board on the adoption of the revised terms of reference of the Audit Committee.

All members of the Audit Committee possess in-depth experience in their own profession. The chairman of the Audit Committee, Mr. Tou Kin Chuen, possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules. No member of the Audit Committee is a former partner of the existing auditing firm of the Company during one year after he ceases to be partner of the auditing firm.

AUDITORS' REMUNERATION

During the Reporting Year, the Group was charged, HK\$670,000 for auditing services by the Company's auditors, McMillan Woods (Hong Kong) CPA Limited (the "McMillan Woods"). There was no non-audit service provided by McMillan Woods.

Services rendered	Fees paid/payable
	HK\$'000
Audit services – annual audit	670
Non-audit services	–
	<u>670</u>

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties, among others, as set out below:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the executive of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the accounts for the six months ended 30 June 2025 and for the year ended 31 December 2025, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the Reporting Year have been prepared on a going concern basis.

The reporting responsibilities of the Company's external auditor, McMillan Woods (Hong Kong) CPA Limited, are stated in the "Independent Auditor's Report" on pages 40 to 45 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss, and to mitigate rather than eliminate risks of failure in the operational systems and achievements of the Group's business objectives.

The Board has, engaged an independent internal control review advisor (the "**Internal Control Advisor**"), conducted interim and annual reviews of the effectiveness of the internal control system of the Group covering the Group's corporate governance, internal control, financial, operational (including information security), as well as risk management function and compliance functions. The Board as the ultimate responsible governing body of the Group monitors compliance with policies and procedures and the effectiveness of internal control structures across the Group and its principal divisions. The Board also ensures the internal controls are in place and functioning properly as intended. During the risk assessment process, the Internal Control Advisor interviewed the relevant personal and identified the business objectives and significant risks of the Group. A risk management report prepared by the Internal Control Advisor which sets out the risks, issues and recommended action plan was presented to the Board for review and endorsement. The Board considered that significant risks of the Group were managed within the acceptable level and the management will continue to monitor the residual risks and report to the Board on an ongoing basis.

Corporate Governance Report

In response to the risk management report, the management shall implement proper policies and procedures to review the effectiveness of risk management and internal control and remedy any defects of internal control, including conduct evaluation on a regular basis to keep abreast of the related information in a timely manner so as to facilitate the Audit Committee and the Board to evaluate the effectiveness of control and risk management of the Group.

For the year ended 31 December 2025, the Board and Audit committee have reviewed and confirmed the effectiveness of the risk management and internal control systems.

The Group has a formal whistle-blowing policy (the “**Whistle-blowing Policy**”) to encourage and guide its staff to raise serious concerns internally in a responsible manner, without fear of retribution. During the Reporting Year, the Board has not been informed any complaints or concerns over financial improprieties from staff. The Whistle-blowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

The Group has the inside information policy which sets out guidelines to the Directors and senior management of the Group to ensure inside information of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

The Group has an anti-corruption policy (the “**Anti-corruption Policy**”) as the Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group’s personnel and business partners must follow to combat corruption. It demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group’s practices, the Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group. The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

COMPANY SECRETARY

Ms. Tam Tsz Yan (“**Ms. Tam**”) has been appointed as the Company Secretary since 2 November 2023. She reports to the Board directly. All members of the Board have access to her advice and services. Ms. Tam has confirmed that, during the Reporting Year, she has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

The biographical detail of Ms. Tam is set out in the section headed “Biographical Details” on page 15 of this annual report.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company established a shareholders' communication policy and reviewed it on a regular basis to ensure its implementation and effectiveness and concluded that it was effective. The Company communicates with the shareholders of the Company (the "Shareholders"), the potential investors or the investment community (collectively, the "Investors") of the Company mainly in the following ways:

- (a) the holding of annual general meetings and extraordinary general meetings, if any, which may be convened for specific purpose and provide opportunities for the Shareholders and Investors to communicate directly with the Board by ways of attending the annual general meeting or sending email to the Company;
- (b) the publication of interim and annual reports, circulars, announcements and notice of shareholder meetings as required under the Listing Rules and/or press releases of the Company providing updated information of the Group; and
- (c) the latest information of the Group will be available on the websites of the Stock Exchange and the Company.

The annual general meetings shall be called by notice of not less than 21 clear days and not less than 20 clear business days prior to the date of meetings and any extraordinary general meetings at which the passing a special resolution is to be considered shall be called by notice of not less than 21 clear days and not less than 10 clear business days prior to the date of meetings. All other extraordinary general meetings may be called by notice of not less than 14 clear days and not less than 10 clear business days prior to the date of meetings.

The Company continues to promote investor relations and enhance communication with the existing Shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting by Shareholders

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Sending Enquiries and Proposals to the Board

Shareholder(s) may send in their enquiries and put forward proposals to the Board by sending the same to:

The Directors
Milan Station Holdings Limited
Room A9, 3/F., Block A
Hong Kong Industrial Centre
489-491 Castle Peak Road
Lai Chi Kok, Hong Kong

OR

Email: ms_ir@milanstation.net

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

There is no significant change in the Company's constitutional documents during the Reporting Year.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in Note 19 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Year.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 are provided in the "Director's Statement" and "Management Discussion and Analysis" on page 4 and pages 5 to 13, respectively, of this annual report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2025 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 40 to 111 of this annual report.

The Board has resolved not to declare a final dividend for the year ended 31 December 2025 (2024: Nil).

ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

In 2025, the Group has actively responded to the general direction of social development, strived to meet the demands of environmental and social responsibility, strengthened our group's and employees' awareness of the environment and society, and actively participated in environmental and social issues. To better protect natural resources, we have taken various measures to save energy, reduce waste and consumption, and promote the use of environmentally friendly products in our daily business operations. In terms of social issues, the Group attaches great importance to the cultivation of knowledge and talent in order to establish a safe and honest working environment that bears social responsibilities to our employees. Meanwhile, we would like to share our ideas and concepts with our stakeholders. Through these practices, the Group has achieved encouraging results regarding environmental and social aspects.

Detail information regarding the environmental, social and governance practices adopted by the Group is set out in the Environmental, Social and Governance Report which will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company together with the publication of this annual report.

Report of the Directors

USE OF NET PROCEEDS

References were made to the announcements of the Company dated 25 June 2024, 26 June 2024 and 16 July 2024. On 25 June 2024, the Company and the placing agent entered into the placing agreement pursuant to which the placing agent agreed to place, on a best endeavour basis, to not less than six independent placees for up to 176,150,000 new Shares at a price of HK\$0.08 per placing share (the “Placing”). Placing have been fulfilled and the completion of the Placing took place on 16 July 2024, where a total of 176,150,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.08 per placing share. The net proceeds (after all relevant expenses) from the Placing amounted to approximately HK\$13.7 million. As at 31 December 2025, the net proceeds from the Placing were fully utilized as general working capital of the Company as disclosed in the announcement of the Company dated 25 June 2024.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 112 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Year are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in Company’s issued share capital during the Reporting Year are set out in Note 33 to the consolidated financial statements.

Details of movements in the Company’s share options during the Reporting Year are set out in Note 34 to the consolidated financial statements and pages 92 to 95 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in Note 42 to the consolidated financial statements and in the consolidated statement of changes in equity.

Report of the Directors

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution to owners of the Company comprising share premium account amounted to approximately HK\$Nil (2024: HK\$Nil).

DONATIONS

During the Reporting Year, the Group made charitable contributions totalling HK\$Nil.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's sales to the five largest customers and purchases from the five largest suppliers accounted for less than 30% of the Group's turnover and purchases, respectively.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS

The Directors of the Company during the Reporting Year were and up to the date of this annual report were:

Executive Directors:

Mr. Hu Bo

Mr. Li Zhongqi (resigned on 27 February 2025)

Ms. Ji Guiping (appointed on 27 February 2025) *(Note)*

Independent non-executive Directors:

Mr. Chan Chi Hung

Mr. Tou Kin Chuen

Mr. Choi Kam Yan, Simon

Note: Ms. Ji Guiping, being appointed on 27 February 2025, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 February 2025, and Ms. Ji Guiping, confirmed that she understood her obligations as a Director.

Pursuant to Articles 84(1) and 84(2) of the Articles of Association, Mr. Chan Chi Hung and Mr. Choi Kam Yan, Simon shall retire by rotation from office at the forthcoming annual general meeting of the Company. Each of Mr. Chan Chi Hung and Mr. Choi Kam Yan, Simon, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.

Report of the Directors

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors an annual confirmation of their independence from the Group. Based on the confirmations, the Company considers that each of such Directors to be independent from the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 14 and 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Hu Bo, an executive Director, has renewed a service contract and is appointed for an initial term of 1 year commencing on 6 June 2025, which may be terminated by not less than 1 month's notice in writing served by either party on the other.

Ms. Ji Guiping, an executive Director, has entered into a service contract and is appointed for an initial term of 1 year commencing on 27 February 2025, which may be terminated by not less than 1 month's notice in writing served by either party on the other.

Mr. Choi Kam Yan, Simon, an independent non-executive Director, has renewed a letter of appointment and is appointed for an initial term of 1 year commencing on 1 February 2025.

Each of Mr. Chan Chi Hung and Mr. Tou Kin Chuen, both independent non-executive Directors, has renewed a letter of appointment with the Company for another term of 1 year commencing on 22 July 2025, which may be terminated by not less than 1 month's notice in writing served by either party on the other.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Save as disclosed above, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the Reporting Year.

Directors are subject to retirement by rotation at least once every three years as required by the Articles of Association.

DIRECTORS' REMUNERATION

The Directors' ordinary remuneration shall be subject to Shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to Directors' contributions, experience, relevant duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in Note 36 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year ended 31 December 2025.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the Directors and the chief executive of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code were as follows.

Long positions in ordinary share of the Company

Name	Number of share held	Number of share options		Total	Approximate percentage of total number of issued shares
		Personal Interest	Family Interest		
Executive Director					
Mr. Hu Bo	2,210,000	–	–	2,210,000	0.21%

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

Report of the Directors

SHARE OPTIONS

The Company operates a share option scheme adopted by the Company on 30 June 2021 (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

The Directors shall be entitled at any time within 10 years commencing on 30 June 2021 to make an offer for the grant of a share option.

During the year ended 31 December 2025, no share options under the Scheme were granted, exercised, expired, lapsed or reclassified. As at 31 December 2025 and up to the date of this annual report, there was no share option outstanding under the Scheme.

The number of options available for grant under the Scheme as of 1 January 2025 and 31 December 2025 was 73,398,887 respectively. The number of shares that may be issued in respect of options granted under the Scheme during the year ended 31 December 2025 divided by the weighted average number of shares of the Company in issue (excluding treasury shares) for the year ended 31 December 2025 was Nil. The total number of shares available for issue under the Scheme is 73,398,887, which represented approximately 6.9% of the issued share capital of the Company (excluding treasury shares) as at the date of this report.

Save as disclosed above, at no time during the Reporting Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group’s business in which the Company, its holding 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 during or at the end of the Reporting Year.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

Report of the Directors

MATERIAL RELATED PARTY TRANSACTIONS

Nature of transaction	Amount owed by the Group as at 31 December		Related interest expense for the year ended 31 December	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Payment for the lease liabilities (<i>Note</i>)	1,100	2,640	13	128

Note: Milan Station (Causeway Bay) Limited ("MS (CWB)"), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company, and Excel Trend Limited ("Excel Trend"), a company incorporated in Hong Kong with limited liability and indirectly beneficially wholly owned by Mr. Yiu Kwan Tat ("Mr. Yiu"), who are directors of certain subsidiaries of the Company, entered into a lease agreement in relation to the leasing of the premises situated at Areas E and F on the Ground Floor of Percival House, No. 83 Percival Street, Causeway Bay, Hong Kong for retail uses. On 17 June 2022, the Group entered into a new lease agreement in respect of the same leasehold properties for three years with Mr. Yiu (the "New Lease"). The amount of lease payable by the Group under the lease is HK\$220,000 per month, which was determined with reference to market rent. The total amount of the lease payment is HK\$7,920,000 and deposit is HK\$660,000. The New lease has expired on 16 June 2025 and the deposit is refunded during the year ended 31 December 2025.

The directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Reporting Year are set out in Note 36 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by public as at the date of this annual report.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under the Deed of Non-competition (as defined in the Prospectus). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by the controlling shareholders.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the CG Code during the year ended 31 December 2025, save for certain derivations. The Corporate Governance Report is set out on pages 16 to 29 of this annual report.

Report of the Directors

RELATIONSHIPS WITH EMPLOYEES

The employees of the Group are one of the most important assets and stakeholders of the Group and their contribution and support are values at all times. The Group regularly reviews compensation and benefits policies accordingly to industry benchmark as well as the individual performance of employees. Other fringe benefits, mandatory provident fund and share options are provided to retain loyal employees with the aim to form a professional staff and management team that can bring the Group to different levels of success.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Directors believe that maintaining good relationships with customers has been one of the critical reasons for the Group's success. Our business model is to maintain and build on our strong relationships within our client base. Our mission is to provide the finest service to our customers and the Group is constantly looking ways to improve customer relations through enhanced services. Regarding the retail businesses, the Group has no major suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group include strategic, operational and financial risks.

Strategic risks

The Directors maintain a strategic plan based on the knowledge to the external environments. The Group will invest in projects and investments based on the strategic plan in order to cope with the market demand and expectation. Given the rapid change of unforeseeable external environments in the financial and equity markets, the Group is facing significant strategic risks on its investments when changing the strategic plans to adopt the unexpected changes of external environments.

Operational risks

Management regularly reviews the Group's operations to ensure that the Group's risk of losses, whether financial or otherwise, resulting from fraud, errors, omissions and other operational and compliance matters, are adequately managed.

Financial risks

The principal financial risks are set out in Note 38 to the consolidated financial statements headed "FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES".

Report of the Directors

DIVIDEND POLICY

The Company has adopted a dividend policy pursuant to which the Company may declare and distribute dividends to the shareholders of the Company.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors it may deem relevant at such time. Any payment of the dividend by the Company is also subject to any restrictions under the articles of association of the Company and all applicable laws and regulations.

The dividend policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

EQUITY-LINKED AGREEMENTS

Save for disclosed in the sections headed "Share Options" on page 35 of this report, the Company has not entered into any equity-linked agreements during the Reporting Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors, secretary and every auditor for the time being of the Company shall be entitled to 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 reasons of any act done, concurred in or omitted in or about the execution of their duties, or supposed duty, in their respective offices or otherwise in relation thereto.

The Company has taken out insurance against all losses and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the financial statements of the Group for the year ended 31 December 2025 and discussed with the management of the Company on auditing, internal control, financial reporting matters as well as risk management function. Information on the composition of the Audit Committee is set out in the Corporate Governance Report on pages 16 to 29 of this annual report.

Report of the Directors

AUDITORS

The consolidated financial statements have been audited by McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”), who will retire and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of McMillan Woods as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By Order of the Board
Milan Station Holdings Limited
Hu Bo
Executive Director

Hong Kong, 30 March 2026

Independent Auditor's Report



McMillanWoods
Professionalism at the forefront

To the Shareholders of Milan Station Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Milan Station Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 46 to 111, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Independent Auditor's Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

- (1) Allowance for expected credit losses (“ECLs”) of loan receivables;
- (2) Valuation of inventories; and
- (3) Impairment assessment of property, plant and equipment and right-of-use assets.

Key audit matter

How our audit addressed the key audit matter

Allowance for ECLs of loan receivables

Refer to notes 4(t), 5, 24 and 38 to the consolidated financial statements of material accounting policy information, critical accounting judgements and key estimates and relevant disclosures.

As at 31 December 2025, the Group's loan receivables amounted to approximately HK\$2,857,000 and the allowance for ECLs of loan receivables of approximately HK\$10,290,000 was recognised in the Group's consolidated statement of financial position.

The allowance for ECLs of loan receivables represents the management's best estimates of ECLs at the end of the reporting period under Hong Kong Financial Reporting Standard 9: Financial Instruments.

Management assesses whether the credit risk of loan receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECLs. The measurement models of ECLs involves significant management judgments and assumptions, primarily including the following:

- Selection of appropriate approach by grouping the debtors with same credit risk characteristics and determination of relevant key measurement parameters, including probability of default and exposure at default;
- Criteria for determining whether or not there was a significant increase in credit risk or a default; and
- Economic indicator for forward-looking measurement, and the application of economic scenarios and weightings.

We focus on this area due to the significant estimates and judgements involved in determining the allowance for ECLs of loan receivables.

Our audit procedures in relation to management's assessment on the allowance for ECLs of loan receivables included:

- Obtaining an understanding of and evaluating the Group's credit policies and internal control on ECL assessments;
- Assessing the reasonableness of the ECL model methodology;
- Evaluating, together with auditor's expert, the reasonableness of related parameters, including the probability of default and exposure at default;
- Assessing the forward-looking information used to determine expected credit losses;
- Recalculating the amounts of the ECL on loan receivables and assessing the appropriateness and adequacy of the ECLs as 31 December 2025;
- Evaluating the experience, independence, competence and integrity of the external appraiser engaged by the management; and
- Reviewing the appropriateness of the disclosure of credit risk exposure and ECLs in the consolidated financial statements.

Independent Auditor's Report

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
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Allowance for inventories

Refer to notes 4(f), 5 and 22 to the consolidated financial statements of material accounting policy information, critical accounting judgements and key estimates and relevant disclosures.

Inventories are carried at the lower of cost and net realisable value in the consolidated financial statements. The carrying value of inventories at 31 December 2025 was approximately HK\$22,533,000 which accounted for approximately 20% of the Group's total assets.

The Group's inventories comprise handbags and other related products which future saleability of inventories is subject to changing consumer preferences and fashion trends. Allowance for inventories is based on management's estimate of the expected magnitude of write down of the Group's inventories to its net realisable value which involve the exercise of a significant degree of management judgement.

We identified allowance for inventories as a key audit matter because of its significance of carrying amount to the consolidated financial statements and the significant judgements and estimates involved in determining the net realisable value of inventories at the end of the reporting period.

Our procedures in relation to this matter included:

- Obtaining an understanding of Group's internal control on allowance for inventories and how net realisable value and allowance of inventories are estimated by the management;
- Attending physical inventory counting to identify and assess any slow-moving and obsolete inventories by observing the physical conditions of inventories;
- Evaluating the allowance policy adopted by the management with reference to current market conditions, historical and current sales information, pricing policy and strategies, ageing and conditions of inventories;
- Evaluating the historical accuracy of the allowance of inventories estimation by management; and
- Evaluating the reasonableness of the net realisable value of inventories assessed by management, on a sample basis, with reference to the selling prices of similar products in the market.

Independent Auditor's Report

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
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Impairment assessment of property, plant and equipment and right-of-use assets

Refer to notes 4(s), 5, 17 and 18 to the consolidated financial statements of material accounting policy information, critical judgements and key estimates and relevant disclosures.

We identified the impairment of property, plant and equipment and right-of-use assets in accordance with Hong Kong Standard 36 Impairment of Assets. As at 31 December 2025, the aggregated carrying amount of the property, plant and equipment and right-of-use assets were approximately HK\$2,260,000 and HK\$5,846,000 respectively.

Based on the management's assessment, impairment loss on property, plant and equipment and right-of-use assets have recognised amounted to approximately HK\$155,000 and HK\$853,000 in profit or loss during the year ended 31 December 2025.

The determination of the recoverable amount, being the higher of fair value less costs of disposal and value-in-use, requires exercise of significant judgement and high level of estimation uncertainty by the management. As such, we determined that is a key audit matter.

Our procedures in relation to this matter included:

- Understanding the key internal control that management implemented in impairment assessment of property, plant and equipment and right-of-use assets;
- Obtaining and inspecting the valuation report prepared by the external valuers engaged by the Group on which the management's assessments of impairment of property, plant and equipment and right-of-use assets were based;
- Assessing the external valuers' qualifications, experience and expertise and considering their objectivity;
- Engaging our auditor's expert to assist us in evaluating management's impairment assessment, testing the reasonableness of the methodology, underlying inputs, and assumptions adopted therein, and assessing the results of their work as part of our audit; and
- Evaluating the adequacy of disclosures in respect of the impairment review in the consolidated financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

As part of an audit in accordance with HKSAAs, 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 of the Company.
- Conclude on the appropriateness of the Company's 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.

Independent Auditor's Report

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Ho Wai Kuen

Audit Engagement Director

Practising Certificate Number: P05966

24/F, Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive income

Year ended 31 December 2025

	Note	2025	2024
		HK\$'000	HK\$'000
REVENUE	7	125,267	111,855
Cost of sales		(113,335)	(103,549)
Gross profit		11,932	8,306
Reversal of/(provision) for allowance for expected credit losses ("ECLs")		192	(4,871)
Impairment loss on property, plant and equipment and right-of-use assets		(1,008)	(7,561)
Other income	8	1,338	1,592
Other gains/(losses), net	9	18,167	13,215
Selling expenses		(15,638)	(21,605)
Administrative and other operating expenses		(11,683)	(13,807)
Profit/(loss) from operations		3,300	(24,731)
Finance costs	10	(1,636)	(1,628)
PROFIT/(LOSS) BEFORE TAX	11	1,664	(26,359)
Income tax expense	14	(167)	–
PROFIT/(LOSS) FOR THE YEAR		1,497	(26,359)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		–	40
Release of exchange reserve upon deregistration of a subsidiary		(527)	–
		(527)	40
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		970	(26,319)
EARNINGS/(LOSS) PER SHARE	16		
– Basic and diluted (HK cent)		0.14	(2.74)

Consolidated Statement of Financial Position

31 December 2025

	Note	2025	2024
		HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	2,260	294
Right-of-use assets	18	5,846	4,878
Deposits	21	2,188	2,408
		10,294	7,580
CURRENT ASSETS			
Financial assets at fair value through profit or loss	20	57,362	35,014
Prepayments, deposits and other receivables	21	3,810	6,167
Inventories	22	22,533	37,757
Trade receivables	23	7,342	2,182
Loan receivables	24	2,857	3,655
Income tax recoverable		49	93
Cash and bank balances	25	8,057	11,249
		102,010	96,117
CURRENT LIABILITIES			
Trade and other payables	26	9,328	12,120
Contract liabilities	27	164	12
Lease liabilities	28	5,892	7,053
Other borrowings	29	2,097	–
Bond payables	30	8,080	–
Income tax liabilities		278	278
		25,839	19,463
NET CURRENT ASSETS		76,171	76,654
TOTAL ASSETS LESS CURRENT LIABILITIES		86,465	84,234
NON-CURRENT LIABILITIES			
Lease liabilities	28	4,156	4,595
Bond payables	30	8,801	7,131
Provisions	31	302	272
		13,259	11,998
NET ASSETS		73,206	72,236
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	33	42,277	42,277
Reserves		30,929	29,959
TOTAL EQUITY		73,206	72,236

Approved and authorised for issue by the board of directors on 30 March 2026 and signed on its behalf by:

Hu Bo
Director

Ji Guiping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company								
	Issued capital	Share premium account*	Capital reserve*	Merger reserve*	Statutory reserve fund*	Exchange reserve*	Share option reserve*	Accumulated losses*	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	35,231	265,050	10	(23,782)	30	487	6,056	(198,264)	84,818
Loss for the year	-	-	-	-	-	-	-	(26,359)	(26,359)
Other comprehensive income for the year	-	-	-	-	-	40	-	-	40
Total comprehensive loss for the year	-	-	-	-	-	40	-	(26,359)	(26,319)
Lapse of share options	-	-	-	-	-	-	(6,056)	6,056	-
Issued of shares upon completion of placing (Note 33)	7,046	7,046	-	-	-	-	-	-	14,092
Share issue expense (Note 33)	-	(355)	-	-	-	-	-	-	(355)
Deregistration of a subsidiary	-	-	-	-	(30)	-	-	30	-
At 31 December 2024 and 1 January 2025	42,277	271,741	10	(23,782)	-	527	-	(218,537)	72,236
Profit for the year	-	-	-	-	-	-	-	1,497	1,497
Other comprehensive loss for the year	-	-	-	-	-	(527)	-	-	(527)
Total comprehensive income for the year	-	-	-	-	-	(527)	-	1,497	970
At 31 December 2025	42,277	271,741	10	(23,782)	-	-	-	(217,040)	73,206

* These reserve accounts comprise the consolidated reserves of approximately HK\$30,929,000 (2024: HK\$29,959,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	2025	2024
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	1,664	(26,359)
Adjustments for:		
Interest income on lease deposits	(67)	(136)
Bank interest income	(5)	(18)
Loss on disposals of property, plant and equipment	5	–
Gain on deregistration of a subsidiary	(736)	(2,925)
Depreciation of property, plant and equipment	714	811
Depreciation of right-of-use assets	4,738	9,181
(Reversal of)/provision for allowance for ECLs	(192)	4,871
Impairment on property, plant and equipment and right-of-use assets	1,008	7,561
Fair value gain on financial assets at fair value through profit or loss	(15,732)	(7,785)
Gain on disposal of financial assets at fair value through profit or loss	(1,704)	(2,505)
Interest income on loan receivables	(933)	(1,090)
Finance costs	1,636	1,628
Operating loss before working capital changes	(9,604)	(16,766)
Decrease in inventories	15,224	9,744
Increase in trade receivables	(5,833)	(849)
Decrease in loan receivables	2,482	2,310
Decrease in prepayments, deposits and other receivables	2,626	2,613
Increase in financial assets at fair value through profit or loss	(4,912)	(1,962)
(Decrease)/increase in trade and other payables	(2,451)	3,094
Increase/(decrease) in contract liabilities	152	(51)
Decrease in provisions	(56)	–
Cash used in operations	(2,372)	(1,867)
Income tax paid	(123)	–
Net cash used in operating activities	(2,495)	(1,867)

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025	2024
		HK\$'000	HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		5	18
Purchases of property, plant and equipment		(2,840)	(244)
Net cash used in investing activities		(2,835)	(226)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue expense		–	(355)
Proceeds from issue of shares upon completion of placing		–	14,092
Other borrowings raised	39(a)	2,000	–
Proceeds from issuance of bonds	39(a)	9,500	–
Interest paid	39(a)	(640)	(640)
Interest elements on lease liabilities paid	39(a)	(649)	(836)
Capital elements on lease liabilities paid	39(a)	(8,073)	(9,302)
Net cash generated from financing activities		2,138	2,959
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		11,249	10,337
Effect of foreign exchange rate changes, net		–	46
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	8,057	11,249

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was a public limited company incorporated in the Cayman Islands on 1 November 2007 as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and its principal place of business in Hong Kong is located at Room A9, 3F., Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Lai Chi Kok, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in Note 19 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles general accepted in Hong Kong. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) of the Laws of Hong Kong. Material accounting policy information adopted by the Group are set out in Note 4 below.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied amendments to HKAS 21 and HKFRS 1 of Lack of Exchangeability as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements.

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in this consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS *(continued)*

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of authorisation of these consolidated financial statements, the Group has not applied the following new and amendments to HKFRS Accounting Standards and interpretation (“Int”) that have been issued but are not yet effective for the financial year ended 31 December 2025.

	Effective for accounting periods beginning
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature – dependent Electricity	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKAS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards and interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS *(continued)*

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective *(continued)*

HKFRS 18 "Presentation and Disclosure in Financial Statements" (continued)

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's statement of profit or loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the financial statements.
- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases. Specifically, income and expense of a subsidiary acquired or disposal of during the year are included in the consolidated statement of date the Group gains controls until the date when the Group ceases to control the subsidiary.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

(b) Separate financial statements

In the Company's statement of financial position, an investments in subsidiaries are accounted for at cost less impairment, if any. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average 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 exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal or deregistration.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(d) Property, plant and equipment and depreciation

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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. All other repairs and maintenance are recognised in the profit or loss during the period in which they are incurred.

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

Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	20% – 33%

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

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(e) Leases *(continued)*

The Group as a lessee (continued)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by all of the subsidiaries, which does not have recent third-party financing.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to reinstatement and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making a corresponding adjustments to the right-of-use asset for all other lease modifications.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group's entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

Equity investments

An investment in equity securities is classified as FVTPL are recognised in profit or loss as other income.

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(i) Trade and other receivables *(continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standard. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(k) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Revenue

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good (or a bundle of goods) that is distinct or a series of distinct goods that are substantially the same.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(n) Revenue *(continued)*

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Sale of goods

Revenue from sales of handbags and accessories are recognised when control of the products has transferred, being when the products are delivered and the customers have inspected and accepted the products.

Payment of the transaction price is due immediately or by credit terms when the customers purchase the goods and takes delivery in store.

Consultancy and management fee income

Revenue from provision of services is recognised when services are rendered.

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(o) Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when it made contribution to the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(p) Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

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

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

(q) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary difference. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise of equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(r) 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

(s) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(t) Impairment of financial assets

The Group performs impairment assessment under expected credit losses (“ECL”) model on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, deposits and other receivables, loan receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Measurement and recognition of ECL (continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES *(continued)*

Critical judgements in applying accounting policies *(continued)*

Significant increase in credit risk

As explained in Note 4(t), ECL under general approach are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition and stage 3 when credit-impaired. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

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

(a) Allowance for obsolete and slow-moving inventories

At the end of the reporting period, the management assessed the provision of estimation for obsolete and slow-moving inventories due to a change in customer preferences and fashion trends. The Group makes provision of allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of the net realisable value and the slow-moving and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

As at 31 December 2025, the carrying amount of inventories was approximately HK\$22,533,000, (2024: HK\$37,757,000). No allowance for inventories was recognised for the years ended 31 December 2025 and 2024.

(b) Allowance for ECLs of trade receivables, other receivables and loan receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

As at 31 December 2025, the carrying amounts of trade receivables, other receivables and loan receivables were approximately HK\$7,342,000 (net of allowance for ECL of HK\$1,620,000) (2024: HK\$2,182,000 (net of allowance for ECL of HK\$947,000)), HK\$4,852,000 (net of allowance for ECL of HK\$3,709,000) (2024: HK\$6,078,000 (net allowance for ECL of HK\$3,823,000)) and HK\$2,857,000 (net of allowance for ECL of HK\$10,290,000) (2024: HK\$3,655,000 (net of allowance for ECL of HK\$11,041,000)), respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(c) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment. The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets at the end of each reporting period. All impairment for property, plant and equipment and right-of-use assets of the Group are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable pre-tax discount rate in order to calculate the present value of those cash flows. Changing the assumptions and estimates could materially affect the recoverable amounts.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 December 2025 were approximately HK\$2,260,000 (2024: HK\$294,000) and HK\$5,846,000 (2024: HK\$4,878,000) and impairment loss of approximately HK\$155,000 (2024: HK\$1,217,000) and HK\$853,000 (2024: HK\$6,344,000) were recognised in respect of property, plant and equipment and right-of-use assets for the year ended 31 December 2025, respectively.

(d) Income tax

The Group is subject to income taxes in various regions. As certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income tax. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the income tax and tax provisions in the period in which the differences are realised.

During the year ended 31 December 2025, income tax expense of approximately HK\$167,000 was charged to profit or loss (2024: Nil) based on the estimated profit from the Group's operation. Further details are disclosed in Notes 14 and 32 to the consolidated financial statements.

6. OPERATING SEGMENT INFORMATION

The board of directors is the chief operating decision maker. The Group's principal activity is the retail of handbags and fashion accessories. Since it is the only operating segment of the Group for the purpose of resource allocation and assessment focus on revenue analysis by products, no further analysis thereof is presented. Since the Group's revenue is principally derived from sales of goods in Hong Kong, and the Group's location of the non-current assets are principally located in Hong Kong, only entity-wide disclosure are presented accordingly.

Information about major customers

No customer of the Group has individually contributed 10% or more of the Group's total revenue during the years ended 31 December 2025 and 2024 and no information about major customers is presented accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE

Revenue represents the net invoiced value of goods sold. An analysis of revenue, is as follows:

	2025	2024
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregation of revenue from contracts with customers recognised at a point in time by major products for the year as follow:		
Sales of handbags	123,682	109,931
Sales of fashion accessories	1,585	1,924
	125,267	111,855
Primary geographical market		
Hong Kong	125,267	111,855

The accounting policies with respect to revenue recognition are disclosed in Note 4(n) to the consolidated financial statements.

8. OTHER INCOME

	2025	2024
	HK\$'000	HK\$'000
Bank interest income	5	18
Interest income on loan receivables	933	1,090
Imputed interest income on lease deposits	67	136
Management fee income (Note)	254	156
Others	79	192
	1,338	1,592

Note: Represents revenue from contract with customers within the scope of HKFRS 15.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. OTHER GAINS/(LOSSES), NET

	2025	2024
	HK\$'000	HK\$'000
Fair value gain on financial assets at FVTPL	15,732	7,785
Gain on disposal of financial assets at FVTPL	1,704	2,505
Loss on disposal of property, plant and equipment	(5)	–
Gain on deregistration of a subsidiary	736	2,925
	18,167	13,215

10. FINANCE COSTS

	2025	2024
	HK\$'000	HK\$'000
Imputed interest expense on bond payables	890	792
Interest expense on other borrowings	97	–
Interest expense on lease liabilities	649	836
	1,636	1,628

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. PROFIT/(LOSS) BEFORE TAX

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

	2025	2024
	HK\$'000	HK\$'000
Cost of inventories sold	113,335	103,549
Depreciation		
– property, plant and equipment	714	811
– right-of-use assets	4,738	9,181
	5,452	9,992
Expenses relating to short-term leases	758	834
Auditor's remuneration		
– Audit services	670	670
Directors' emoluments (Note 12)	910	860
Employee benefit expenses (excluding directors' emoluments)		
– Salaries, wages and other benefits	6,847	8,374
– Pension scheme contributions	246	323
	7,093	8,697
Total staff costs (including directors' emoluments)	8,003	9,557

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation as follows:

	Fees	Salaries and allowances	Pension scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2025				
Executive directors:				
Mr. Hu Bo	–	240	–	240
Mr. Li Zhongqi (Resigned on 27 February 2025)	–	30	–	30
Ms. Ji Guiping (Appointed on 27 February 2025)	–	200	–	200
	–	470	–	470
Independent non-executive directors:				
Mr. Choi Kam Yan, Simon	120	–	–	120
Mr. Chan Chi Hung	120	–	–	120
Mr. Tou Kin Chuen	200	–	–	200
	440	–	–	440
	440	470	–	910

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIRECTORS' EMOLUMENTS *(continued)*

	Fees	Salaries and allowances	Pension scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2024				
Executive directors:				
Mr. Hu Bo	–	240	–	240
Mr. Li Zhongqi (Resigned on 27 February 2025)	–	180	–	180
	–	420	–	420
Independent non-executive directors:				
Mr. Choi Kam Yan, Simon	120	–	–	120
Mr. Chan Chi Hung	120	–	–	120
Mr. Tou Kin Chuen	200	–	–	200
	440	–	–	440
	440	420	–	860

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the years ended 31 December 2025 and 2024, no emolument was paid or payable by the Group to the directors, or any of the five highest paid individuals set out in Note 13 as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any emoluments for the both years.

Directors' material interests in transactions, arrangements and contracts

Save for disclosed in Note 36 to the consolidated financial statements, no other 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 and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. FIVE HIGHEST PAID EMPLOYEES

None of the five highest paid employees during the year included a director for the years ended 31 December 2025 and 2024. Details of the emoluments for the year of the five (2024: five) highest paid employees who are not a director of the Company are as follows:

	2025	2024
	HK\$'000	HK\$'000
Salaries, allowances and bonus	3,298	2,982
Pension scheme contributions	72	90
	3,370	3,072

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	4	4
HK\$1,000,001 to HK\$1,500,000	1	1
	5	5

14. INCOME TAX EXPENSE

	2025	2024
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Under-provision in prior years	167	–

Under the two-tiered Hong Kong Profits Tax regime, the first HK\$2,000,000 of assessable profits of qualifying group entities established in Hong Kong will be taxed at 8.25% (2024: 8.25%), and assessable profits above HK\$2,000,000 (2024: HK\$2,000,000) will be taxed at 16.5% (2024: 16.5%). The assessable profits of group entities established in Hong Kong not qualifying for the two-tiered Hong Kong Profits Tax rate regime will continue to be taxed at a flat rate of 16.5%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. INCOME TAX EXPENSE *(continued)*

No provision for Hong Kong Profits Tax had been made in the consolidated financial statements for the years ended 31 December 2025 and 2024 since the Group's Hong Kong entities had sufficient tax losses brought forward to set off against the assessable profit both the years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation Regulation of the EIT, the tax rate of the PRC subsidiaries of the Group is 25% from 1 April 2008 onwards. No provision for EIT is required since the PRC subsidiaries of the Group have no assessable profits for the years ended 31 December 2025 and 2024.

A reconciliation between the income tax expense and the product of profit/(loss), before tax at multiplied by the statutory tax rates is as follows:

	2025	2024
	HK\$'000	HK\$'000
Profit/(loss) before tax	1,664	(26,359)
Tax at Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	274	(4,349)
Tax effect of income is not taxable for tax purpose	(404)	(1,723)
Tax effect of expenses are not deductible for tax purposes	1,584	3,401
Tax effect of temporary difference not recognised	(2,567)	1,861
Tax effect of tax losses not recognised	1,745	1,898
Tax effect of utilisation of tax losses not previously recognised	(632)	(1,088)
Under-provision in respect of prior years	167	–
Income tax expense	167	–

15. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025 (2024: Nil), nor has any dividend been proposed since the end of the reporting periods.

16. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings (2024: loss) per share is based on the profit (2024: loss) for the year attributable to owners of the Company of approximately HK\$1,497,000 (2024: loss of HK\$26,359,000) and the weighted average ordinary shares of 1,056,937,000 (2024: 962,123,674) in issue during the year.

During the years ended 31 December 2025 and 2024, no adjustment has been made to the basic earnings/(loss) per share presented in respect of a dilution as there is no dilutive effect on the basic earnings/(loss) per share presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Total
	HK\$'000	HK\$'000	HK\$'000
Cost			
At 1 January 2024	7,070	17,696	24,766
Additions	238	6	244
At 31 December 2024 and 1 January 2025	7,308	17,702	25,010
Additions	1,107	1,733	2,840
Disposals/write-off	(3,932)	(6)	(3,938)
At 31 December 2025	4,483	19,429	23,912
Accumulated depreciation and impairment			
At 1 January 2024	5,724	16,964	22,688
Depreciation charge for the year	300	511	811
Impairment loss for the year	1,070	147	1,217
At 31 December 2024 and 1 January 2025	7,094	17,622	24,716
Depreciation charge for the year	458	256	714
Disposals/write-off	(3,932)	(1)	(3,933)
Impairment loss for the year	140	15	155
At 31 December 2025	3,760	17,892	21,652
Carrying amount			
At 31 December 2025	723	1,537	2,260
At 31 December 2024	214	80	294

Details of the impairment assessment of property, plant and equipment are set out in Note 18 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS

	Leased properties	Motor vehicle	Total
	HK\$'000	HK\$'000	HK\$'000
Cost			
At 1 January 2024	24,790	1,557	26,347
Additions	6,332	–	6,332
Lease modification	1,144	–	1,144
Termination	(2,473)	–	(2,473)
At 31 December 2024 and 1 January 2025	29,793	1,557	31,350
Additions	6,559	–	6,559
Termination	(16,713)	–	(16,713)
At 31 December 2025	19,639	1,557	21,196
Accumulated depreciation and impairment			
At 1 January 2024	13,132	288	13,420
Depreciation charge for the year	8,835	346	9,181
Termination	(2,473)	–	(2,473)
Impairment loss for the year	6,344	–	6,344
At 31 December 2024 and 1 January 2025	25,838	634	26,472
Depreciation charge for the year	4,392	346	4,738
Termination	(16,713)	–	(16,713)
Impairment loss for the year	853	–	853
At 31 December 2025	14,370	980	15,350
Carrying amount			
At 31 December 2025	5,269	577	5,846
At 31 December 2024	3,955	923	4,878

Lease liabilities of approximately HK\$10,048,000 (2024: HK\$11,648,000) are recognised with related right-of-use assets of approximately HK\$5,846,000 (2024: HK\$4,878,000) as at 31 December 2025.

	2025	2024
	HK\$'000	HK\$'000
Depreciation expenses on right-of-use assets	4,738	9,181
Interest expense on lease liabilities (included in finance costs)	649	836
Expenses relating to short-term leases (included in selling expenses)	758	834
Impairment loss on right-of-use assets	853	6,344

Details of total cash outflow for leases is set out in Note 39(b).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS *(continued)*

During the current year, the Group leases properties of offices, retail stores and motor vehicle for self-own use. Lease contracts are entered into for fixed term of two to five years (2024: two to five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group leased a number of retail stores which contain (1) fixed annual lease payment term and (2) variable lease payment term that are based on a certain percentage of revenue generated from the retail stores over the fixed annual lease payment. These payment terms are common in retail stores and counters in Hong Kong where the Group operates. During the years ended 31 December 2025 and 2024, the Group's retail stores did not require to pay any variable lease payments.

Impairment assessment

At the end of reporting period, due to operating loss of certain subsidiaries of the Group during the year ended 31 December 2025, the management of the Group assessed the impairment of motor vehicles included in right-of-use assets (the "Motor Vehicles").

The management of the Group estimated the fair value less cost of disposal of the Motor Vehicles using a direct comparison approach. The fair value measurement was categorised under Level 3 of the fair value hierarchy. The valuation of Motor Vehicles assumes that the owner sells the Motor Vehicles in its existing state without the inclusion of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which that could affect the value of the Motor Vehicles. Furthermore, no account has been given to any options or rights of pre-emption that may impact the sale of Motor Vehicles, and no allowance has been made for the Motor Vehicles to be sold as one lot or to a single purchaser. Other key assumptions include the transaction prices of recent transactions of similar motor vehicles with similar conditions.

Based on the above, the management of the Group assessed that the recoverable amounts of the Motor Vehicles were higher (2024: higher) than their respective carrying values as at 31 December 2025. As a result, no (2024: no) impairment losses of the Motor Vehicles was recognised during the year ended 31 December 2025.

Except for the impairment assessment of the Motor Vehicles based on the fair value less cost of disposal as mentioned above, as at 31 December 2025, the management of the Group also conducted the forecast under adverse economic conditions and impairment assessment on recoverable amounts of cash-generating units to which property, plant and equipment and right-of-use assets were allocated. During this process, the management identified four (2024: five*) cash-generating units of retail business of handbag fashion accessories located in Causeway Bay, Tuen Mun, Kwan Tong and Lai Chi Kok (namely CWB CGU, TM CGU, KT CGU and LCK CGU, hereinafter collectively referred to as the "CGUs") for impairment assessment purpose. In addition, certain property, plant and equipment classified as corporate assets with carrying amounts of approximately HK\$1,452,000 (2024: Nil) as at 31 December 2025 are also subject to impairment review.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS *(continued)*

Impairment assessment *(continued)*

The recoverable amount of CGUs have been determined based on a value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by the management covering the next 5 years with a pre-tax discount rate of 10.98% (2024: 12.02%). The Group estimates pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The annual revenue growth rate used is 0% (2024: 2.5%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value-in-use calculation is the budgeted gross margin of ranging from 12.27% to 13.77% (2024: 12.30% to 18.61%), which is determined based on the CGUs' past performance, management expectations for the market development and volatility in financial markets including potential disruptions of the retail business.

As at 31 December 2025, the recoverable amounts of the CWB CGU, TM CGU, KT CGU and LCK CGU (2024: only the recoverable amounts of the TST CGU, TM CGU, KT CGU and LCK CGU) were approximately HK\$8,146,000, HK\$Nil, HK\$Nil and HK\$Nil (2024: HK\$573,000, HK\$499,000, HK\$838,000 and HK\$Nil) respectively, which were lower (2024: lower) than their carrying amounts (after allocation of the corporate assets). Based on this assessment, impairment losses on property, plant and equipment and right-of-use assets of approximately HK\$155,000 (2024: HK\$1,217,000) and HK\$853,000 (2024: HK\$6,344,000) respectively were recognised for the year ended 31 December 2025.

- * Five cash-generating units (including CWB CGU, TM CGU, KT CGU, LCK CGU and cash generating unit of retail business of handbag fashion accessories located in Tsim Sha Tsui ("TST CGU")) were identified for impairment assessment purpose for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ establishment and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
Direct					
Milan Station (BVI) Limited	British Virgin Islands ("BVI")/Hong Kong	US\$4	100	100	Investment holding
Indirect					
Milan Station (Hong Kong) Limited	Hong Kong	HK\$10,000	100	100	Investment holding
Milan Station (Tsuen Wan) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Milan Station (TST) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Milan Station Fashion (TST) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Milan Station (Causeway Bay) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Milan Station Trading Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing and trading of handbags, fashion accessories and embellishments operation

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
Indirect (continued)					
Milan Station (Central) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Trilink Global Limited	BVI/Hong Kong	US\$1	100	100	Investment holding
Milan Station (Asia) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Milan Station (PRC) Limited	BVI/Hong Kong	US\$2	100	100	Investment holding
Milan Station (PRC) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
Milan Station (Kwun Tong) Limited	Hong Kong	HK\$10,000	100	100	Engaged in retailing of handbags, fashion accessories and embellishments operation
米蘭站商業(上海)有限公司*	Chinese Mainland// Chinese Mainland	RMB34,000,000	—**	100	Inactive
Standpoint Global Limited	BVI/Hong Kong	US\$1	100	100	Investment holding
Brenda Enterprises Limited	Hong Kong	HK\$2	100	100	Engaged in money lending business
Wales Maple Limited	BVI/Hong Kong	US\$1	100	100	Engaged in securities investments
Able Fame Corporation Limited	Hong Kong	HK\$10,000	100	100	Engaged in trading of handbags

* Registered as wholly foreign-owned enterprises under the laws of the PRC.

** The subsidiary was deregistered on 24 February 2025.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	HK\$'000	HK\$'000
Listed securities held for trading, at fair value		
– Equity securities listed in Hong Kong	54,723	35,014
– Equity securities listed outside Hong Kong	2,639	–
	57,362	35,014

The carrying amounts of the above financial assets are measured at FVTPL in accordance with HKFRS 9 and determined with reference to quoted market bid prices. These financial assets are denominated as follows:

	2025	2024
	HK\$'000	HK\$'000
HK\$	54,723	35,014
US\$	2,639	–
	57,362	35,014

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025	2024
	HK\$'000	HK\$'000
Prepayments	1,146	2,497
Deposits	4,838	6,078
Other receivables	479	579
Amount due from a related company (<i>Note</i>)	3,244	3,244
	9,707	12,398
Less: Allowance of ECLs	(3,709)	(3,823)
	5,998	8,575
Less: Non-current portion	(2,188)	(2,408)
Current portion	3,810	6,167

Note: It represents the amount due from WLS Limited, a former wholly-owned subsidiary of the Group. Mr. Choi Wai Kei was a common director of the Group's subsidiaries and WLS Limited as at 31 December 2025 and 2024. The balance was unsecured, interest-free and repayable on demand. The maximum outstanding balance during the year was approximately HK\$3,244,000 (2024: HK\$3,244,000).

At 31 December 2025 and 2024, the financial assets included above balances were non-interest bearing and unsecured.

The details of the ECLs assessment are set out in Note 38 to the consolidated financial statements.

Prepayments, deposits and other receivables are denominated in HK\$.

22. INVENTORIES

	2025	2024
	HK\$'000	HK\$'000
Merchandise held for resale	22,533	37,757

The Group's inventories were stated at lower of cost or net realisable value at the end of reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. TRADE RECEIVABLES

The Group's trading terms with its customers related to sales of handbags and accessories are mainly on cash, credit card and credit terms settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	2025	2024
	HK\$'000	HK\$'000
Trade receivables	8,962	3,129
Less: Allowance for ECLs	(1,620)	(947)
	7,342	2,182

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

	2025	2024
	HK\$'000	HK\$'000
Within 1 month	5,301	581
7 to 12 months	2,041	1,601
	7,342	2,182

Customers are generally granted with credit term of 0-90 days during the years ended 31 December 2025 and 2024.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and measures the lifetime ECL on shared credit risk characteristics and the day past.

The details of the ECLs assessments are set out in Note 38 to the consolidated financial statements as at 31 December 2025 and 2024.

The carrying amounts of the Group's trade receivables in denominated in HK\$.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. LOAN RECEIVABLES

The Group's loan receivables, which arise from the money lending business in Hong Kong, are unsecured, interest-bearing at rate of 8% (2024: 8%) per annum. The loan receivables are short-term loans and repayable by 1 year (2024: 1 year).

An ageing analysis of the loan receivables, net of allowance, as at the reporting period, based on the terms of loan is as follows:

	2025	2024
	HK\$'000	HK\$'000
Loan receivables	13,147	14,696
Less: Allowance for ECLs	(10,290)	(11,041)
Within 1 year	2,857	3,655

The details of the ECL assessment on loan receivables are set out in Note 38 to the consolidated financial statements.

Loan receivables are denominated in HK\$.

The Group's loan receivables bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

25. CASH AND BANK BALANCES

	2025	2024
	HK\$'000	HK\$'000
Cash and bank balances	8,057	11,249

At the end of the reporting period, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$Nil (2024: HK\$88,000). The remaining balances are denominated in HK\$.

RMB is not freely convertible into other currencies. Under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES

	2025	2024
	HK\$'000	HK\$'000
Trade payables	599	1,989
Accrued liabilities	7,639	7,805
Other payables	1,090	2,326
	9,328	12,120

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

	2025	2024
	HK\$'000	HK\$'000
Within 1 month	599	1,989

The credit period on purchase of goods during the year ended 31 December 2025 ranged from 0 to 90 days (2024: 0 to 90 days).

Trade and other payables are denominated in HK\$.

27. CONTRACT LIABILITIES

	HK\$'000
At 1 January 2024	63
Decrease in contract liabilities as a result of recognising revenue during the year	(63)
Increase in contract liabilities as a result of consideration received from customers during the year	12
At 31 December 2024 and 1 January 2025	12
Decrease in contract liabilities as a result of recognising revenue during the year	(12)
Increase in contract liabilities as a result of consideration received from customers during the year	164
At 31 December 2025	164

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. CONTRACT LIABILITIES *(continued)*

The contract liabilities represent the Group's obligation to transfer goods for which the Group has received consideration. All contract liabilities is expected to be recognised as revenue within one year (2024: one year). The Group recognises revenue when "control" of goods is transferred to the customers.

Contract liabilities at the reporting date mainly represent advance payments received by the retail stores for ordering of handbags and fashion accessories. In general, the Group receives certain percentage of the contract sum as advance payment from the customers for ordering of goods.

For the year ended 31 December 2025, the increase in contract liabilities for retailing of handbags and fashion accessories was primarily attributable to customer pay in advance especially during special promotions and pre-order campaigns during the year.

For the year ended 31 December 2024, the decrease in contract liabilities for retailing of handbags and fashion accessories was mainly due to lower advance payments received from customers for ordering of handbags and fashion accessories resulting from the economic environment at that time.

28. LEASE LIABILITIES

At 31 December 2025 and 2024, the total future minimum lease payments and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	6,283	7,522	5,892	7,053
More than one year, but not exceeding two years	3,298	3,883	3,168	3,715
More than two years, but not more than five years	1,001	898	988	880
	10,582	12,303	10,048	11,648
Less: Future finance charges	(534)	(655)	N/A	N/A
Present value of lease obligations	10,048	11,648	10,048	11,648
Less: Amount for settlement within 12 months (shown under current liabilities)			(5,892)	(7,053)
Amount due from settlement after 12 months (shown under non-current liabilities)			4,156	4,595

Notes to the Consolidated Financial Statements

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28. LEASE LIABILITIES *(continued)*

As at 31 December 2025, the lease liabilities of lease properties and motor vehicle were amounting to approximately HK\$9,569,000 (2024: HK\$10,912,000) and HK\$479,000 (2024: HK\$736,000) respectively.

The Group entered into lease arrangements with independent third parties in relation to certain offices, retail stores and motor vehicle. The lease terms ranged from 2-5 years (2024: 2-5 years). The weighted average incremental borrowing rates applied to lease liabilities range from 1.98% to 7.75% and 1.98% to 7.75% per annum as at 31 December 2025 and 2024, respectively.

The Group's obligations under finance leases of motor vehicle of approximately HK\$479,000 (2024: HK\$736,000) are secured by the leased assets (Note 18).

All finance lease payables are denominated in HK\$.

On 4 September 2024, the Company entered into a new lease for a retail shop that has not yet commenced up to 31 December 2024, with non-cancellable period of three years and an optional two-year renewal. The total future undiscounted cash flows over the non-cancellable period amounted to approximately HK\$6,672,000.

29. OTHER BORROWINGS

	2025	2024
	HK\$'000	HK\$'000
Unsecured other borrowings	2,097	–

On 23 May 2025, a subsidiary of the Company entered into a loan agreement with an independent third party in the principal amount of HK\$2,000,000. The loan is unsecured, bears interest at 8% per annum, and matures on the date falling on the same calendar date of the eighteenth month after the drawdown date. Interest accrued on the loan is payable in full upon maturity.

Notes to the Consolidated Financial Statements

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30. BOND PAYABLES

	Bond I HK\$'000	Bond II HK\$'000	Bond III HK\$'000	Total HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	6,979	–	–	6,979
Imputed interest expense charged (Note 10)	792	–	–	792
Interest paid	(640)	–	–	(640)
As at 31 December 2024 and 1 January 2025	7,131	–	–	7,131
Issue of bonds	–	1,500	8,000	9,500
Imputed interest expense charged (Note 10)	788	22	80	890
Interest paid	(640)	–	–	(640)
As at 31 December 2025	7,279	1,522	8,080	16,881

The bond are repayable:

	2025	2024
	HK\$'000	HK\$'000
Within 1 year	8,080	–
More than 2 years but within 5 years	8,801	7,131
	16,881	7,131

Note:

Bond issued on 17 April 2023 (the “Bond I”)

On 17 April 2023, the Company issued unsecured and unconvertible bond to an independent third party with principal amount of HK\$8,000,000. Bond bears fixed interest at 8% per annum and will mature on the 5th anniversary from date of bond issuance.

Bond is recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate of 11.65%.

Bond issued on 22 September 2025 (the “Bond II”)

On 22 September 2025, the Company issued unsecured and unconvertible bond to an independent third party with principal amount of HK\$1,500,000. Bond bears fixed interest at 6% per annum and will mature on the 3rd anniversary from date of bond issuance.

Bond is recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate of 6.00%.

Bond issued on 10 November 2025 (the “Bond III”)

On 10 November 2025, the Company issued unsecured and unconvertible bond to an independent third party with principal amount of HK\$8,000,000. Bond bears fixed interest at 6% per annum and will mature on the 1st anniversary from date of bond issuance.

Bond is recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate of 6.00%.

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31. PROVISIONS

	Provision for reinstatement costs
	HK\$'000
At 1 January 2024, 31 December 2024 and 1 January 2025	272
Provision for the year	86
Utilised during the year	(56)
	<hr/>
At 31 December 2025	302
Less: Current liabilities	-
	<hr/>
Non-current liabilities	302
	<hr/>

The provision for reinstatement cost represents the estimated costs used to restore the leased retail store premises to their original state upon the expiry of the leases. The leases are expected to expire within three years from the commencement of the leases.

32. DEFERRED TAX

At the end of the reporting period, the Group has unused tax losses in total of approximately HK\$167,757,000 (2024: HK\$161,012,000) that are available for offsetting against their future taxable profits. Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

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33. SHARE CAPITAL

	Number of shares		Amount	
	2025	2024	2025	2024
	'000	'000	HK\$'000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.04 each				
At 1 January and 31 December	2,000,000	2,000,000	80,000	80,000

	Number of shares	Amount
	'000	HK\$'000
Issued and fully paid:		
Ordinary shares of HK\$0.04 each		
At 1 January 2024	880,787	35,231
Issue of shares upon completion of placing (Note)	176,150	7,046
At 31 December 2024, 1 January 2025 and 31 December 2025	1,056,937	42,277

Note: On 25 June 2024, the Company entered into a placing agreement with a placing agent in respect of 176,150,000 ordinary shares issue to not less than six places at a placing price of HK\$0.08 per placing share (the "Placement"). The Placement was completed on 16 July 2024. The proceeds from the Placement was approximately HK\$14,092,000, and the transaction cost was approximately HK\$355,000. The proceeds after netting off related transaction costs from the Placement were approximately HK\$13,737,000, among which approximately HK\$7,046,000 was credited to the share capital account and the remaining balance of approximately HK\$6,691,000 was credited to the share premium account. Details of the Placement were disclosed in the Company's announcements dated 25 June 2024 and 16 July 2024 respectively.

Notes to the Consolidated Financial Statements

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34. SHARE-BASED PAYMENT TRANSACTIONS

On 30 June 2021, the Company adopted a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme was in force for a period of 10 years commencing on the date on which the Scheme was adopted.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) Purpose of the Scheme

The purpose of the Scheme is to provide incentive or reward to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group.

(b) The participants of the Scheme

Subject to the provisions in the Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the adoption date of the Scheme to make an offer to any of the following classes of persons:

- (i) any employees (including full time and part time employee) of the Company or its subsidiaries;
- (ii) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries;
- (iii) any executive or officers of the Company or its subsidiaries; and
- (iv) any consultants or advisers that provides advices or other technological support which will contribute or have contributed to the Group.

The basis of eligibility of any of the eligible participants to the grant of share options shall be determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group.

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For the year ended 31 December 2025

34. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

(c) Maximum number of shares

- (i) The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.
- (ii) The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date of approval of the Scheme provided that options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the scheme mandate limit has been exceeded.
- (iii) The Company may seek approval of the shareholders in general meeting for refreshing the scheme mandate limit such that the total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company as “refreshed” shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the scheme mandate limit provided that options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of the shareholders, a circular containing the information as required under the Listing Rules must be sent to the shareholders.
- (iv) The Company may seek separate approval of the shareholders in general meeting for granting options beyond the scheme mandate limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the shareholders, the Company must send a circular to the shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the Listing Rules.

(d) Maximum entitlement of each eligible person

No option shall be granted to any eligible person if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue, unless: (1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of the Listing Rules, by resolution of the shareholders in general meeting, at which the eligible person and his close associates shall abstain from voting; (2) a circular regarding the further grant has been despatched to the shareholders in a manner complying with, and containing the information specified in, the relevant provisions of the Listing Rules (including the identity of the eligible person, the number and terms of the options to be granted and options previously granted to such eligible person); and (3) the number and terms (including the subscription price) of such option are fixed before the general meeting of the Company at which the same are approved.

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34. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

(e) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an eligible participants within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made, by which the eligible participants must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten years after the date of adoption of the Scheme.

A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his legal personal representatives) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Scheme.

(f) Subscription price for shares

The exercise price of a share option granted under the Scheme shall be a price determined by the Board and notified to an eligible participants, and shall be at least the highest of: (1) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day on which the Board passes a resolution approving the making of an offer of grant of an option to an eligible participants; (2) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer letter of the option; and (3) the nominal value of the Company's share on the Offer Date.

(g) Period of the Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Scheme, after which period no further option shall be granted.

Details of the Scheme are set out in the Company's circular dated 31 May 2021.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

During the year ended 31 December 2025, there was no share options granted, lapsed or cancelled. No share options outstanding under the Scheme as at 31 December 2025.

The movements in share options granted under the schemes during the year ended 31 December 2024 were shown below:

Name or category of participants	Number of share options					At 31 December 2024	Date of share options granted	Validity period of share options	Exercise price of share options HK\$ per share
	At 1 January 2024	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year				
Director									
Hu Bo	7,119,200	-	-	-	(7,119,200)	-	27-4-2022	27-4-2022 to 26-4-2024	0.183
Li Zhongqi*	7,119,200	-	-	-	(7,119,200)	-	27-4-2022	27-4-2022 to 26-4-2024	0.183
Sub total	14,238,400	-	-	-	(14,238,400)	-			
Employees									
In aggregate	56,953,600	-	-	-	(56,953,600)	-	27-4-2022	27-4-2022 to 26-4-2024	0.183
	71,192,000	-	-	-	(71,192,000)	-			
Exercisable at the end of the year	71,192,000					-			
Weighted average exercise price (HK\$)	0.183	-	-	-	0.183	-			

* Resigned as executive director on 27 February 2025.

As at 1 January 2025, 31 December 2025 and the date of approval of these consolidated financial statements, the number of options available for grant under the scheme mandate was 73,398,887, 73,398,887 and 73,398,887 respectively, approximately 6.9% (2024: 6.9%), 6.9% (2024: 6.9%) and 6.9% (2024: 6.9%) of total number of shares in issue of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

Share premium

The share premium account of the Group includes: (i) the premium arising from the issue of new shares in prior years; (ii) the expense incurred in connection with issuance of new shares in prior years; (iii) dividends declared and paid in prior years; and (iv) amount transferred from share-based compensation reserve upon exercise of share options.

Capital reserve

The capital reserve represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the group reorganisation on 28 April 2011 and the nominal value of the ordinary shares of a subsidiary of the Company in exchange therefor.

Merger reserve

The merger reserve represents the excess of the consideration for acquiring subsidiaries over the nominal value of the paid-up capital of the subsidiaries acquired.

Statutory reserve fund

In accordance with the Company Law of the People's Republic of China (the "PRC"), the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of the subsidiaries' registered capital, any further appropriation is optional. The statutory reserve fund may be utilised to cover prior years' losses or to increase the registered capital subject to certain restrictions.

Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4(c) to the consolidated financial statements.

Share option reserve

The share option reserve relates to share options granted to directors and employees under the Company's share option scheme. Further information about share option is set out in Note 34.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the year

Nature of transaction	Amount settled during the year ended 31 December		Related interest expense for the year ended 31 December	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Payment for the lease liabilities (Note)	1,100	2,640	13	128

Note: Milan Station (Causeway Bay) Limited ("**MS (CWB)**"), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company, and Excel Trend Limited ("**Excel Trend**"), a company incorporated in Hong Kong with limited liability and indirectly beneficially wholly owned by Mr. Yiu Kwan Tat ("**Mr. Yiu**"), who are directors of certain subsidiaries of the Company, entered into a lease agreement in relation to the leasing of the premises situated at Areas E and F on the Ground Floor of Percival House, No. 83 Percival Street, Causeway Bay, Hong Kong for retail uses. On 17 June 2022, the Group entered into a new lease agreement in respect of the same leasehold properties for three years with Mr. Yiu (the "**New Lease**"). The amount of New Lease payable by the Group under the New Lease is HK\$220,000 per month, which was determined with reference to market rent. The total amount of the lease payment is HK\$7,920,000 and deposit is HK\$660,000. The New Lease has expired on 16 June 2025 and the deposit was refunded during the year ended 31 December 2025.

The directors of the Company are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

(b) Compensation of key management personnel of the Group

	2025	2024
	HK\$'000	HK\$'000
Short-term employee benefits	3,372	3,717
Post-employment benefits	54	65
	3,426	3,782

Further details of directors' emoluments are included in Note 12 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	2025	2024
	HK\$'000	HK\$'000
Financial assets measured at FVTPL:		
Listed securities	57,362	35,014
Financial assets measured at amortised cost:		
Trade receivables	7,342	2,182
Loan receivables	2,857	3,655
Deposits and other receivables	4,852	6,078
Cash and bank balances	8,057	11,249

Financial liabilities

	2025	2024
	HK\$'000	HK\$'000
Financial liabilities at amortised cost:		
Trade payables	599	1,989
Accrued liabilities and other payables	6,822	8,914
Other borrowings	2,097	–
Bond payables	16,881	7,131
Lease liabilities	10,048	11,648

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank balances, financial assets at FVTPL, trade receivables, loan receivables, deposits and other receivables, trade payables, financial liabilities included in other borrowings, other payables, lease liabilities and bond payables.

The main risks arising from the Group's financial instruments are interest rate risk, price risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to other borrowings, bond payables, lease liabilities and loan receivables. The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure closely and will consider hedging significant interest rate exposure should the need arise.

At 31 December 2025 and 2024, the Group assesses the exposure to cash flow interest rate risk is insignificant and thus no sensitivity analysis is presented.

Price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The directors of the Company manage this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated in equity securities listed in Hong Kong and in the United States stock exchanges for the years ended 31 December 2025 and 2024.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the prices had been 18% (2024: 18%) before higher/lower, profit (2024: loss) before tax for the year ended 31 December 2025 would increase/decrease (2024: decrease/increase) by approximately HK\$10,325,000 (2024: HK\$6,303,000) as a result of fair value gain/loss of financial assets at FVTPL.

Foreign currency risk

The Group carries on its trading transactions mainly in HK\$. Since HK\$ is pegged to US dollars, there is no significant exposure expected on US dollars transactions conducted by group entities which functional currency is HK\$. The Group's entities are mainly operated in its local jurisdiction with most of the transactions settled in their functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange risk. As the exposure of foreign currency risk is insignificant to the Group, no sensitivity analysis is presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the exposure to bad debts is not significant due to a short credit term were granted for sales of handbags.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables related to the sales of handbags and accessories. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Excepted loss rates are based on actual loss experience. The rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables. It considers available reasonable and supportive forwarding-looking information.

The Group's exposure to credit risk is influenced by the individual characteristic of each customers. At the end of the reporting period, the Group has a concentration of credit risk of 29.3% (2024: 35.4%) and 95.9% (2024: 59.1%) of the trade receivables were due from the Group's largest customer and five largest customers respectively.

The following table of ageing analysis, based on invoice date, provides information about the Group's exposure to credit risk and allowance for ECL of trade receivables:

	2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK\$'000	HK\$'000
Within 1 month	–*	5,301	–**
7 to 12 months	44.3	3,661	1,620
		8,962	1,620

* Represented less than 0.1%

** Represented less than HK\$1,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*Credit risk *(continued)*

	Expected loss rate	2024 Gross carrying amount	Loss allowance
	%	HK\$'000	HK\$'000
Within 1 month	—*	581	—**
7 to 12 months	37.2	2,548	947
		3,129	947

* Represented less than 0.1%

** Represented less than HK\$1,000

Movement for ECL of trade receivables are as follow:

	Trade receivables
	HK\$'000
At 1 January 2024	437
Allowance for ECL	510
At 31 December 2024 and 1 January 2025	947
Allowance for ECL	673
At 31 December 2025	1,620

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Money lending business

The Group has adopted internal control procedures to mitigate credit risk by evaluation of creditability of the borrowers, including reviewing the assets owned by the borrowers, the credit history of the borrowers and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount. In addition, the Group reviews the recoverable amount of each individual's loan receivables at the end of each reporting period to ensure that adequate impairment loss are made for irrecoverable amounts. Based on past experience adjusted for factors that are specific to the general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions, the directors of the Company are of the opinion that the allowance for ECLs of approximately HK\$10,290,000 (2024: HK\$11,041,000) was recognised as at 31 December 2025.

As at 31 December 2025, the Group has certain concentration of credit risk as 46.6% (2024: 47.2%) of the loan receivables was due from the Group's largest borrower.

Loan receivables

	At 31 December 2025 Stage 3
	HK\$'000
Loan receivable , gross	13,147
Less: ECL on loan receivables	(10,290)
Loan receivables, net	<u>2,857</u>
Expected loss rate	<u>78.3%</u>
	At 31 December 2024 Stage 3
	HK\$'000
Loan receivable , gross	14,696
Less: ECL on loan receivables	(11,041)
Loan receivables, net	<u>3,655</u>
Expected loss rate	<u>75.1%</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Money lending business (continued)

Loan receivables (continued)

The decrease (2024: increase) in Stage 3 resulted in a decrease (2024: increase) in loss allowance of approximately HK\$751,000 (2024: HK\$1,704,000).

Movement for ECL of loan receivables are as follow:

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	–	817	9,337	10,154
Allowance for ECL	–	–	887	887
Transfer for the year				
From Stage 2 to Stage 3	–	(817)	817	–
At 31 December 2024 and 1 January 2025	–	–	11,041	11,041
Reversal of allowance for ECL	–	–	(751)	(751)
At 31 December 2025	–	–	10,290	10,290

The Group applies general approach by grouping the debtors shared the same credit risk characteristics. The Group classified loan receivables into three categories which reflect the respective credit risk and how the loss provision is determined for each of the category. The determination of ECL on loan receivables involve a number of key parameters and assumptions, including the classification of loss stages, estimation of probability of default, loss given default, adjustments for forward-looking information and other adjusting factors.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Money lending business (continued)

Stage 1

Loan receivables have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months ECL (12-month ECLs).

Stage 2

Loan receivables to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs non credit-impaired).

Stage 3

Loan receivables that are in default and considered credit impaired (Lifetime ECLs credit impaired).

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the ECL of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The movement of loss allowances for other receivables and deposits are as follows:

	Other receivables and deposits
	HK\$'000
At 1 January 2024	3,849
Write-off	(3,500)
Allowance for ECL	3,474
	<hr/>
At 31 December 2024 and 1 January 2025	3,823
Reversal of allowance for ECL	(114)
	<hr/>
At 31 December 2025	3,709
	<hr/>

Bank balances

The credit risk arising for bank balances are limited as the counterparties are banks with good high credit-rating assigned by international credit agencies, which the Group considers to have low credit risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	Weighted average effective interest rate	At 31 December 2025				Carrying amount
		On demand and less than 1 year	Over 1 year but less than 2 years	Over 2 years but less than 5 years	Total undiscounted cash outflows	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	–	599	–	–	599	599
Financial liabilities included in accrued liabilities and other payables	–	6,822	–	–	6,822	6,822
Other borrowings	8%	2,240	–	–	2,240	2,097
Bond payables	6% - 11.65%	9,210	730	10,230	20,170	16,881
Lease liabilities	1.98%-7.75%	6,283	3,298	1,001	10,582	10,048
		25,154	4,028	11,231	40,413	36,447

	Weighted average effective interest rate	At 31 December 2024				Carrying amount
		On demand and less than 1 year	Over 1 year but less than 2 years	Over 2 years but less than 5 years	Total undiscounted cash outflows	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	–	1,989	–	–	1,989	1,989
Financial liabilities included in accrued liabilities and other payables	–	8,914	–	–	8,914	8,914
Bond payables	11.65%	640	640	9,280	10,560	7,131
Lease liabilities	1.98%-6.38%	7,522	3,883	898	12,303	11,648
		19,065	4,523	10,178	33,766	29,682

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Fair value of financial instrument

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2025 and 2024.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Fair value measurements using Level 1	
	2025	2024
	HK\$'000	HK\$'000
Recurring fair value measurement		
Financial assets at FVTPL		
– Listed equity securities	57,362	35,014

The Group's policy is to recognise transfer into and out of fair value hierarchy levels as of the date of the events or change in circumstances that caused the transfer.

During the years ended 31 December 2025 and 2024, there were no transfers between level 1 and 2, or transfer into or out of level 3.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Fair value of financial instrument *(continued)*

The carrying amount of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at 31 December 2025 and 2024 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount at 31 December 2025	Fair value at 31 December 2025	Fair value measurements at 31 December 2025 categorised into level 3
	HK\$'000	HK\$'000	HK\$'000
Bond payables	16,881	17,010	17,010

	Carrying amount at 31 December 2024	Fair value at 31 December 2024	Fair value measurements at 31 December 2024 categorised into level 3
	HK\$'000	HK\$'000	HK\$'000
Bond payables	7,131	8,205	8,205

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The only externally imposed capital requirement for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of shares. The Group has maintained a sufficient public float to comply with the Listing Rules during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Other borrowings	Bond payables	Lease liabilities
	HK\$'000 (Note 29)	HK\$'000 (Note 30)	HK\$'000 (Note 28)
At 1 January 2024	–	6,979	13,474
Interest charged	–	792	836
Interest paid	–	(640)	–
Interest elements on lease liabilities paid	–	–	(836)
New leases	–	–	6,332
Lease modification	–	–	1,144
Capital elements on lease liabilities paid	–	–	(9,302)
At 31 December 2024 and 1 January 2025	–	7,131	11,648
Other borrowings raised	2,000	–	–
Proceeds from issuance of bonds	–	9,500	–
Interest charged	97	890	–
Interest elements on lease liabilities charged	–	–	649
Interest paid	–	(640)	(649)
New leases	–	–	6,473
Capital elements on lease liabilities paid	–	–	(8,073)
At 31 December 2025	2,097	16,881	10,048

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025	2024
	HK\$'000	HK\$'000
Within operating cash flows	758	834
Within financing cash flows	8,722	10,138
	9,480	10,972

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

(b) Total cash outflow for leases *(continued)*

These amounts relate to the following:

	2025	2024
	HK\$'000	HK\$'000
Lease rental paid	9,480	10,972

(c) Major non-cash transactions

During the year ended 31 December 2025, the Group recognised additions to right-of-use assets of approximately HK\$6,473,000 (2024: HK\$6,332,000) and related lease liabilities of approximately HK\$6,473,000 (2024: HK\$6,332,000) upon commencement of leases. In addition, the Group recognised additional reinstatement cost to right-of-use assets of approximately HK\$86,000 (2024: HK\$Nil).

40. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly contribution of HK\$1,500 (2024: HK\$1,500). Contributions to the plan vest immediately.

Save for the above, the Group has no other obligation. No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the Group to reduce the existing level of contributions.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for retail stores. During the years ended 31 December 2025 and 2024, the short-term lease expense disclosed in Note 18.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

Note	2025	2024
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	1,452	–
Investments in subsidiaries	26,672	26,672
	28,124	26,672
Current assets		
Prepayments, deposits and other receivables	480	2,095
Amounts due from subsidiaries	1,373	31
Cash and bank balances	4,191	3,429
	6,044	5,555
Current liabilities		
Amounts due to subsidiaries	20,064	20,062
Accrued liabilities and other payables	6,209	6,930
Bond payables	8,080	–
	34,353	26,992
Net current liabilities	(28,309)	(21,437)
Total assets less current liabilities	(185)	5,235
Non-current liabilities		
Bond payables	8,801	7,131
Net liabilities	(8,986)	(1,896)
Capital and reserves		
Share capital	33	42,277
Reserves	(51,263)	(44,173)
Total deficit	(8,986)	(1,896)

Approved and authorised for issue by the board of directors on 30 March 2026 and signed on its behalf by:

Hu Bo
Director

Ji Guiping
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(continued)

Reserve movement of the Company

	Share premium	Capital reserve	Share option reserve	Accumulated losses	Total
	HK\$'000	HK\$'000 <i>(Note)</i>	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	265,050	555,000	6,056	(849,891)	(23,785)
Loss and total comprehensive loss for the year	–	–	–	(27,079)	(27,079)
Lapse of share options	–	–	(6,056)	6,056	–
Issued shares upon completion of placing	7,046	–	–	–	7,046
Share issue expense	(355)	–	–	–	(355)
At 31 December 2024 and 1 January 2025	271,741	555,000	–	(870,914)	(44,173)
Loss and total comprehensive loss for the year	–	–	–	(7,090)	(7,090)
At 31 December 2025	271,741	555,000	–	(878,004)	(51,263)

Note: The Company's capital reserve represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation prior to the shares of the Company were listed on the Stock Exchange on 23 May 2011, over the nominal value of the Company's shares issued in exchange therefor.

Five Years Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

RESULTS

	Year ended 31 December				
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE	125,267	111,855	172,525	233,280	245,018
PROFIT/(LOSS) BEFORE TAX	1,664	(26,359)	(28,084)	(44,847)	22,295
Income tax (expense)/credit	(167)	–	200	(321)	(140)
PROFIT/(LOSS) FOR THE YEAR	1,497	(26,359)	(27,884)	(45,168)	22,155
Attributable to:					
Owners of the Company	1,497	(26,359)	(27,884)	(45,855)	20,530
Non-controlling interests	–	–	–	687	1,625
	1,497	(26,359)	(27,884)	(45,168)	22,155

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TOTAL ASSETS	112,304	103,697	117,825	140,582	172,944
TOTAL LIABILITIES	(39,098)	(31,461)	(33,007)	(27,864)	(38,241)
Sub-total	73,206	72,236	84,818	112,718	134,703
NON-CONTROLLING INTERESTS	–	–	–	–	(877)
	73,206	72,236	84,818	112,718	133,826

The summary above does not form part of the audited consolidated financial statements.



米蘭站控股有限公司
MILAN STATION HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

STOCK CODE : 1150



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