

JUSTIN ALLEN HOLDINGS LIMITED  
捷隆控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 1425



**2025**  
**Annual Report**

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# Corporate Information



## EXECUTIVE DIRECTORS

Mr. Tam Kwok Pui (*Chairman and Chief Executive Officer*)  
Ms. Yeung Suk Foon Paulina  
Mr. Lui Ho Ming Paul

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak King Sau  
Mr. Woo Chun Fai  
Ms. Lau Jeny

## COMPANY SECRETARY

Mr. Foo Tin Chung, Victor

## AUTHORISED REPRESENTATIVES

Mr. Tam Kwok Pui  
Mr. Foo Tin Chung, Victor

## AUDIT COMMITTEE

Mr. Mak King Sau (*Chairman*)  
Mr. Woo Chun Fai  
Ms. Lau Jeny

## REMUNERATION COMMITTEE

Ms. Lau Jeny (*Chairman*)  
Mr. Tam Kwok Pui  
Mr. Mak King Sau

## NOMINATION COMMITTEE

Mr. Tam Kwok Pui (*Chairman*)  
Mr. Mak King Sau  
Mr. Woo Chun Fai

## WEBSITE

[www.justinallengroup.com](http://www.justinallengroup.com)

## STOCK CODE

1425

## DATE OF LISTING

28 November 2019

## AUDITORS

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman KY1-9009  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East, Wanchai, Hong Kong

## PRINCIPAL BANKERS


HSBC  
Standard Chartered Bank (Hong Kong) Limited

## REGISTERED OFFICE IN CAYMAN ISLANDS

Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman KY1-9009  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Excel Centre  
483A Castle Peak Road  
Cheung Sha Wan  
Hong Kong



# Management Discussion and Analysis

## BUSINESS REVIEW

The Group primarily engages in the business of ODM garment manufacturing, specialising in the production of sleepwear and loungewear products. It has operated its own brand. It has a vertically integrated business operation, which is comprised of (1) raw materials sourcing and greige fabric production, (2) raw materials and fabric development, (3) garment design, (4) customer consultation on product design and fabric use, (5) conducting key garment production processes with our production facilities, and (6) carrying out quality control at various key production stages and on finished garment products. As such, in addition to the individual services listed above, the Group offers our customers a one-stop solution, from apparel inception to finalised production and shipment. The Group owns production facilities in Henan Province, the People's Republic of China ("PRC"), Phnom Penh, Cambodia and Honduras. The factory in Central America has started operation in 2023. In Vietnam, the Group currently operates production through subcontractors with long-term relationships.

In addition to the design center in Spain, the Group established a subsidiary in the United States to strengthen its design and pre/post sales operations and to enhance communication with customers. Through this establishment in proximity to the customers, the Group aims to enhance communication with customers, improve our understanding of customers' needs, foster closer relationships and embodying the belief that "sales involve not only products but also services". This subsidiary will also facilitate the expansion into new markets and bring about new opportunities in the United States for the Group.

The global economic environment continues to be affected by numerous uncertainties, including a high-interest-rate environment, changes in international trade policies, supply chain restructuring trends, and volatile geopolitical situations, making the overall operating environment challenging. Although inflationary pressures have eased in some major economies, global economic growth remains moderate, with divergent market performance and related uncertainties not yet fully resolved. In this context, the Group has consistently adopted a prudent operating approach, focusing on diversifying its production bases, strengthening vertical integration, and maintaining stable customer relationships. While strictly controlling costs, the Group is committed to ensuring product quality and operational efficiency. Furthermore, the Group continues to diversify its customer base and the geographical sources of customer demand to reduce reliance on a single market or individual customer, thereby enhancing its overall resilience. Faced with a complex and volatile external environment, the Group will continue to closely monitor market and macroeconomic trends and adjust its operational and resource allocation strategies as needed to support the stable operation and sustainable development of its business.

Sales of sleepwear products increased by approximately 3.9% to approximately HK\$754.8 million while the sales of loungewear products increased by approximately 4.2% to approximately HK\$339.9 million during the year ended 31 December 2025 (the "Year"). The increase in sales of loungewear products was due to the change of product mix, and also reflected the initial effect of the diversification of customer base and geographic spread of customers' demand. For the year ended 31 December 2025, the Group recorded a slight increase in gross profit ratio by 0.5% and a slight decrease in net profit ratio by 0.8% respectively. The Group has persevered in cost awareness by adopting a proactive cost control strategy and enlarging the benefits from our vertical integration.

For the year ended 31 December 2025, the Board proposed a final dividend of HK\$0.048 per share, representing a dividend ratio of approximately 36.0% out of the profit attributable to the owners of the Company. The Group continued to demonstrate commendable performance, despite operating in a challenging environment. On the other hand, the Group is reserving resources to further establish production bases in Africa, Central America and Vietnam to capitalise on the upcoming demand recovery. In light of these factors, the Board decided to declare a dividend at a moderate dividend ratio to shareholders of the Company for sharing fruitful returns to them and as an appreciation for their support.



# Management Discussion and Analysis

## FINANCE REVIEW

### Revenue

For the year ended 31 December 2025, the revenue of the Group recorded approximately HK\$1,099 million, representing an increase of approximately 2.9% as compared with the same period of last year. The sales of sleepwear products increased by approximately 3.9% to approximately HK\$754.8 million while the sales of loungewear products increased by approximately 4.2% to approximately HK\$339.9 million. The increase in sales of loungewear products was due to the change of product mix, and also reflected the initial effect of the diversification of customer base and geographic spread of customers' demand.

### Gross profit

The gross profit of the Group in 2025 was approximately HK\$335.9 million with gross profit margin of approximately 30.6%, while it was approximately HK\$321.6 million in 2024 with margin of approximately 30.1%. Due to the change of product mix and the diversification of customer base, the gross profit margin has increased by 0.5%. The Group suffered the pressure of the increment of staff cost, especially in Central America. The Group has implemented pro-active cost control strategy and diversification of production bases to allocate production among different bases to save on raw material and production costs.

### Other income


For the year ended 31 December 2025, the Group recorded other income of approximately HK\$21.7 million, which was approximately the same as the amount of HK\$21.1 million recorded during 2024.

### Other gains and losses

For the year ended 31 December 2025, the Group recorded net other gains of approximately HK\$7.7 million, while the Group recorded net other gains of approximately HK\$3.7 million during 2024. The Group recorded unrealized gain from investments in bonds and funds of approximately HK\$4.9 million in 2025, while the Group recorded unrealized gains from investments in bonds and funds of approximately HK\$0.3 million during 2024. The investments in market-tradeable bonds and funds were recorded in market value as at the reporting date. The Group intended to hold these investments on a long-term basis till maturity. In addition, the Group recorded net foreign exchange gain of approximately HK\$3.5 million during 2025, while the Group recorded net foreign exchange gain of approximately HK\$3.4 million during 2024.

### Selling and distribution expenses

For the year ended 31 December 2025, the selling and distribution expenses of the Group were approximately HK\$57.2 million, representing an increase of approximately 9.5% from approximately HK\$52.2 million recorded in 2024. The Group implemented cost control and aimed to utilize our resources in a more effective way. The selling expenses over turnover ratio slightly increased from approximately 4.9% in 2024 to approximately 5.2% in 2025.



# Management Discussion and Analysis

## **Administrative expenses**

The administrative expenses of the Group for the year ended 31 December 2025 were approximately HK\$86.5 million, representing an increase of approximately 25.1% from approximately HK\$69.1 million recorded in 2024. The increase mainly resulted from the expansion of the Group's operation scale, including commencement of the trial-run of the new factory in Cambodia, the continuing operation of Honduras factory and commitment in the Vietnam and Kenya production base. As some of the plants have not yet commenced production, the ratio of administrative expenses to sales revenue increased from approximately 6.5% last year to approximately 7.9% this year. The Group expects that the ratio of administrative expenses to sales revenue will decrease accordingly once the plants are officially put into production and revenue increases.

## **Finance costs**

The finance costs of the Group were approximately HK\$18.3 million during 2025, while it was approximately HK\$19.2 million in 2024. In addition, the United States Federal Reserve System cut the Federal Funds Rate from 5.5% to 3.75% in September 2024, which has positive impact in lowering the interest rate of the Group's trade financing.

## **Profit attributable to the owners of the Company**

The profit attributable to the owners of the Company slightly decreased by approximately 2.1% from approximately HK\$170.4 million for the year ended 31 December 2024 to approximately HK\$166.7 million for the year ended 31 December 2025. The decrement of net profit was mainly due to the above mentioned increment of administrative expenses.



# Management Discussion and Analysis

## OUTLOOK AND FUTURE PROSPECTS

Looking ahead to 2026, the Company remains cautious on the global economic growth outlook, with the pace of recovery constrained by a high-interest-rate environment, a conservative pace of monetary policy adjustments by major central banks, and uncertainties related to international trade and geopolitics. Ongoing regional conflicts have also introduced volatility into global commodity and raw material markets, adding cost pressures across the apparel supply chain. Market performance in different regions is likely to continue to diverge. In this context, the Group will prioritise sound operations, focusing on consolidating its existing business foundation while prudently advancing future development plans to seize potential business opportunities as global and domestic demand gradually recovers its resilience.

The Group's garment production facility in Kenya is progressing on schedule with interior decoration and the installation of machinery and equipment currently underway. It is expected to complete factory inspection and begin trial run in the second half of 2026. The Group anticipates that this will increase our production capacity, reduce costs, and shorten delivery times to customers.


The Group continues construction of its clothing production base in the Thua Thien Hue Province, Vietnam. This production facility has an estimated production capacity of approximately 2 million pieces per month and the Group expects it to increase its production capacity, reduce costs, and enhance product quality. The Group aims to carry out the trial run of this production facility by end of 2026 or early 2027.

The Group's production facility in Honduras continues to shorten delivery times to customers in the United States, mitigate geographical risks, and strength the Group's position as a pioneer in new markets.

In addition, the Group has established subsidiary in the United States and a design centre in Spain to strengthen our design and pre/post-sales operations, enhancing communication with customers. The Group plans further coordinate its design teams across China, Spain and the United States to improve quality and efficiency of product design and development. Beyond expanding our production footprint, the Group is also advancing its transition from a pure OEM model toward an ODM capability, investing in in-house design and product development to offer customers a more complete solution and capture greater value. In parallel, the Group has established the digital infrastructure necessary to support more agile and responsive supply chain models, keeping pace with the evolving expectations of global retail partners.

The Group will also continue its efforts to diversify the customer base and geographic spread of customers' demand. We expect continued growth in purchase orders from our customers in Europe. We trust that our diversification strategy, – spanning production geographies, customer base, and capacity development – will minimize the impact of rising geopolitical tensions and tariff related disruptions globally, and serve as a durable foundation for long term revenue growth.

With these plans in mind, the Group's objective is to expand into existing and new markets by leveraging its solid foundation, market intelligence, technical expertise and stringent quality control processes. By positioning and establishing production bases in Africa, Central America, Cambodia and Vietnam, we aim to capture future opportunities and deliver fruitful returns for the Group and all stakeholders involved.



# Management Discussion and Analysis

## FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2025, the Group had current assets of approximately HK\$892.1 million (31 December 2024: HK\$843.2 million) and current liabilities of approximately HK\$161.5 million (31 December 2024: HK\$199.1 million). The current ratio was 5.52 as at 31 December 2025 as compared with 4.24 as at 31 December 2024.

The Group's cash and bank balances as at 31 December 2025 amounted to approximately HK\$236.3 million (31 December 2024: HK\$418.5 million), of which approximately 64.2% were denominated in United States dollars, 22.0% in Renminbi, 8.2% in Vietnamese Dong, 5.2% in Hong Kong dollars and 0.4% in other currencies. The decrease in the bank balance mainly due to the subscription of certain wealth management products issued by HSBC and SCB respectively.

As at 31 December 2025 and 31 December 2024, the Group had no outstanding bank loans. As at 31 December 2025, the Group pledged assets of the Group with a net book value of HK\$28.0 million (31 December 2024: HK\$112.7 million) for banking facilities which had not been utilized.

The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was zero as at 31 December 2025 and 31 December 2024.

Since the Group's principal activities are in Hong Kong and PRC and the financial resources available, including cash on hand, are mainly in Hong Kong Dollars, Renminbi and United States Dollars, the exposure to foreign exchange fluctuation is relatively limited. As at 31 December 2025, the Group had not entered into foreign currency forward contracts to offset the exchange risk between Renminbi and United States dollars. The Group will from time to time consider different financial instruments to control the foreign exchange risk at a manageable level.

The Group intends to principally finance its operations and investing activities with its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars or United States dollars or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks, and making investment in financial instruments with open market, good credit rating and low market risk to earn stable return. Other than stated above, the Group did not have other interest or currency swaps or other financial derivatives for hedging purposes.

As at 31 December 2025, the Group invested in 7 sets of market-tradable bond instruments with par value between USD0.2 million to USD2.0 million each through a bank via different transactions with the objective to apply unutilized short-term available fund to earn stable return from wide-ranged portfolios. Those bond instruments were issued by 6 different issuers (who are independent third parties) on Stock Exchange or Singapore Stock Exchange and were acquired by the Group on the secondary market, with par value (aggregated according to each issuer) ranging from USD0.2 million to USD2.0 million and coupon rate ranging from 3.75% to 7.875%. The principal business activities of these issuers mainly include banking, airline services, property and real estate development in the PRC, etc.. The aggregation of par value of bond instruments from each issuer represented less than 5% of the total assets of the Group. As at 31 December 2025, the total amount of par value of these bonds was approximately USD5.2 million (equivalent to approximately HK\$40.6 million) and the market value was approximately USD2.3 million (equivalent to approximately HK\$17.9 million). During the year ended 31 December 2025, the Group recognised net unrealised gain from mark-to-market fair value adjustments of approximately HK\$2.1 million.



# Management Discussion and Analysis

As at 31 December 2025, the Group also invested in 10 different funds with par value between USD0.25 million and USD4.5 million each through a bank. These funds were issued by 10 different independent financial institutions. The aggregation of par value of funds from each issuer represented less than 5% of the total assets of the Group. As at 31 December 2025, the total amount of par value of these funds was approximately USD12.8 million (equivalent to approximately HK\$99.8 million) and the market value was approximately USD12.8 million (equivalent to approximately HK\$99.8 million). During the year ended 31 December 2025, the Group recognised net unrealised gain from mark-to-market fair value adjustments of approximately HK\$2.8 million. Hence, the net amount of unrealized gain from investments in market-tradable bond instruments and funds was approximately HK\$4.9 million for the year.

The management of the Group made risk assessments and set different criteria before making investment in each bond instrument and fund, including (but not limited to) understanding the business nature of each issuer and characteristics of each bond instrument and fund through related product introduction materials, ensure the risk and reward from each investment is in a reasonable balance and all are tradeable in open market in order to maintain high liquidity. We also review the investment portfolio from time to time, and remain cautious with the volatility in global financial markets due to the geopolitical tensions as well as the fluid outlook of interest rates.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The Directors consider that, to their best knowledge and belief, the following are the key risks and uncertainties identified by the Group as at the date of this report.

### Market Risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, like foreign exchange rates and interest rates. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. In addition, the rising geopolitical tension and tariff-related disruptions may result in additional costs, additional clearance time of relevant customs authorities and restrictions on the sale of products. The management of the Group will closely monitor the new tariff-related law, regulation and requirement. The Group also will maintain our dedication to the diversification of production bases, customer bases and geographic spread of customers' demand.

### Foreign Exchange Rate Risk

The Group mainly operates in the PRC, Hong Kong, Cambodia, Vietnam, Honduras and Kenya with most of the transactions settled in USD and Renminbi and the foreign exchange rate risk arises from sales or purchases by using foreign currencies other than the functional currencies. The Group will closely monitor the movement of the currency rates and from time to time consider different financial instruments to control the foreign exchange rate risk at a manageable level.



# Management Discussion and Analysis

## Interest Rate Risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings and bank balances due to changes of interest rates. The Directors consider that the Group's exposures of the bank balances are not significant as interest bearing bank balances are with short maturity periods and thus they are not included in sensitivity analysis. The Group currently does not have any interest rate hedging policy. However, our management closely monitors its exposure to potential cash flow interest rate risk as a result of changes in market interest rates and will consider hedging changes in market interest rates should the need arise.

## Liquidity Risk

Liquidity risk is the potential that the Group may be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or an inability to liquidate assets. In managing the Group's liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure its ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

## Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every business function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate response can be taken.

## Economic Environment

Most of the Group's facilities, operations and its revenue are located in and derived from the PRC, Hong Kong, Cambodia and Honduras. The Group's results of operations and financial condition therefore depend on the economies of the PRC and Hong Kong. The economy of Hong Kong is significantly affected by the developments in the Mainland China and the Asia-Pacific region. The escalating trade war poses risks to the global and Mainland China's economy which may experience negative economic developments, and other regional economies may also deteriorate.

## Environmental Policies

The Group is committed to contributing to the sustainability of the environment and is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize its environmental impact by reducing water consumption and encouraging recycling of office supplies and other materials. For further details, please refer to the Company's Environmental, Social and Governance Report on page 33 to 43 of this annual report.

**Tam Kwok Pui**

*Chairman*

Hong Kong, 31 March 2026

# Report of the Directors



The Board is pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL BUSINESS ACTIVITIES

The Company is an investment holding company. Details of the principal business activities of its principal subsidiaries are set out in note 27 to the consolidated financial statements.

## BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the section “Management Discussion and Analysis” on page 3 of this annual report and forms part of the Report of the Directors.

Description of principal risks and uncertainties that may be faced by the Group can be found in the section “Management Discussion and Analysis — Principal Risks and Uncertainties” on pages 8 to 9 of this annual report.

An analysis of the Group’s performance during the year using financial key performance indicators is set out in the section “Management Discussion and Analysis — Financial Resources and Liquidity” on pages 7 of this annual report. In addition, discussions on the Group’s environmental policies and compliance with relevant laws and regulations which may have a significant impact on the Group are set out in the section “Management Discussion and Analysis — Environmental Policies” on page 9 and “Report of the Directors — Compliance with Relevant Laws and Regulations” separately on page 13 of this annual report.

## DIVIDEND POLICY

The Company has adopted a dividend policy, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company’s profits whilst retaining adequate reserves for future growth of the Group.

The declaration and payment of dividends shall be determined at the sole discretion of the Board. The Board shall consider the following factors before recommending or declaring dividends:

- i. The Company’s actual and expected financial performance;
- ii. Retained earnings and distributable reserves of the Company and each of the members of the Group;
- iii. The Group’s working capital, capital expenditure requirements and future expansion plans;
- iv. The Group’s liquidity position;
- v. General economic conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- vi. Other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Cayman Islands and the memorandum and articles of association of the Company (the “Articles”). The Board will review the dividend policy from time to time and there can be no assurance that dividend will be paid in any particular amount or at all for any given period.



# Report of the Directors

## PAYMENT OF DIVIDEND

The Company paid dividend of approximately HK\$70,000,000 to its shareholders during the year ended 31 December 2025. The Board resolved to declare the payment of a final dividend of HK\$0.048 per share at approximately HK\$60,000,000 (2024: HK\$0.056 per share) for the year ended 31 December 2025 which is expected to be paid on or about 15 July 2026.

## MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have material acquisitions and disposals for the year ended 31 December 2025.

## USE OF NET PROCEEDS FROM GLOBAL OFFERING

After deduction of all related listing expenses and commissions, the net proceeds from the global offering amounted to approximately HK\$60.8 million. The details of amount utilized up to 31 December 2025 and expected timetable for the unutilized proceeds are as below:

	<b>Allocation</b> HK\$ million	<b>Amount utilized up to 31 December 2025</b> HK\$ million	<b>Amount unutilized as at 31 December 2025</b> HK\$ million	<b>Expected timeline for the unutilized net proceeds to be utilized for the year ended 31 December 2026</b> HK\$ million
Vertical integration:				
Further development of existing factories	45.1	45.1	—	—
Horizontal integration:				
New production factories	13.8	13.8	—	—
Working capital	1.9	1.9	—	—
<b>Total</b>	<b>60.8</b>	<b>60.8</b>	<b>—</b>	<b>—</b>

# Report of the Directors



As disclosed in the prospectus of the Company dated 19 November 2019 (the “Prospectus”), the net proceeds from the global offering amounted to approximately HK\$72.4 million if the offer price is HK\$0.4 per share and over-allotment option was not exercised. According to the announcement of the Company dated 27 November 2019 in related to the offer price and allotment results (the “Allotment Results Announcement”), the final offer price had been determined at HK\$0.4 per share and the corresponding net proceeds to be received by the Company are approximately HK\$69.0 million. According to the annual report of the Company for the year ended 31 December 2019 (the “2019 Annual Report”), the net proceeds from the global offering amounted to approximately HK\$60.8 million. The reconciliation of difference between these 3 documents is as follows:

## 1) Prospectus vs Allotment Results Announcement:

The net proceeds disclosed in the Prospectus amounted to approximately HK\$72.4 million and were based on the gross proceeds of the global offering less:

- (i) the best estimate of legal and professional fees to be incurred during the global offering processes, which were referred to in contracts, engagement letters or other ways of offers made by different professional parties and having considered all paid or outstanding amounts on the date of the Prospectus; and
- (ii) a buffer which the Company considered reasonable and prudent to make to cover additional works performed and unexpected issues which might happen.

However, after the publication of the Prospectus and during the road-show and marketing period, due to poor market conditions and low market responses, the Company offered a higher rate of underwriting fee and thus an additional amount (compared with the budget applied for the Prospectus) of approximately HK\$3.5 million of fee was incurred. This known additional fee was then reflected in the Allotment Results Announcement (i.e. approximately HK\$69.0 million), and as a result there was a difference between the net proceeds disclosed in the Prospectus and the Allotment Results Announcement.

## 2) Allotment Results Announcement vs 2019 Annual Report:

The net proceeds disclosed in the 2019 Annual Report were based on the gross proceeds of the global offering less the legal and professional fees actually incurred during the global offering processes.

Soon after the successful listing of the Company, different legal and professional parties concluded the work done and submitted the final invoices to the Company (which was after the date of the Allotment Results Announcement but before the 2019 Annual Report). Given the prolonged working time and extra works performed, including but not limited to dealing with additional correspondence with the Stock Exchange in the late stage of the listing processes, certain professional parties billed the Company additional fee. The Company had negotiated with them and finally (after deducting the buffer stated above) an additional HK\$8.2 million was paid, mainly to lawyers and auditors, and thus the net proceeds from the global offering disclosed in the 2019 Annual Report amounted to approximately HK\$60.8 million.

## FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not have any authorised but not provided for capital expenditure commitments in respect of acquisition of non-current assets as at 31 December 2025.



# Report of the Directors

## **SIGNIFICANT INVESTMENT**

Other than those stated above, the Group did not have other significant investment for the year ended 31 December 2025.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had further subscribed to certain wealth management products with a subscription amount of USD6,000,000 in January 2026.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

Save as disclosed in the Prospectus, during the year ended 31 December 2025, as far as the Company is aware, there was no material breach of or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the business and operations of the Group.

## **KEY RELATIONSHIPS**

### **(i) Employees**

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group aims to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

### **(ii) Customers**

The Group is committed to offer quality products to its customers and keep them updated of its latest business developments.

### **(iii) Suppliers**

The Group has developed long-standing relationships with a number of suppliers and takes great care to ensure that they share its commitment to quality and ethics. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria including experience, reputation and quality control.

# Report of the Directors



## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed 2,135 staff and workers in Hong Kong, PRC, Cambodia, Vietnam, Honduras and Kenya (as at 31 December 2024: 2,028). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

## CONTINGENT LIABILITIES

The Directors were not aware of any material contingent liabilities, as at 31 December 2025.

## SHARE CAPITAL AND RESERVES

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

Details of the reserves of the Group and the Company for the year ended 31 December 2025 are set out in the consolidated statement of changes in equity and note 26(b) to the consolidated financial statements respectively. As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK\$175,613,000 (2024: approximately HK\$183,930,000).

## PRE-EMPTIVE RIGHTS

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

## SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2025 are set out in note 27 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.



# Report of the Directors

## DIRECTORS

The Directors who held office during the year ended 31 December 2025 and as at the date of this annual report are:

### Executive Directors

Mr. Tam Kwok Pui

Ms. Yeung Suk Foon Paulina

Mr. So Lie Mo Raymond (resigned with effect from 1 January 2025)

Mr. Lui Ho Ming Paul (re-designated to an executive Director with effect from 1 January 2025)

### Independent Non-executive Directors

Mr. Lui Ho Ming Paul (re-designated to an executive Director with effect from 1 January 2025)

Mr. Mak King Sau

Mr. Woo Chun Fai

Ms. Lau Jeny (appointed with effect from 1 January 2025)

In accordance with clauses 108 and 112 of the Articles, Mr. Tam Kwok Pui and Mr. Woo Chun Fai will retire at the forthcoming annual general meeting and, being eligible, would offer themselves for re-election.

## DIRECTORS' SERVICE CONTRACTS

There is no unexpired Directors' service contracts which is not determinable by the Company within one year without payment of compensation other than statutory compensation. Each of the independent non-executive Directors has been appointed pursuant to a letter of appointment for a term of three years, which is renewable automatically for successive terms of one year after the expiry of the term of appointment, unless terminated by not less than two months' notice in writing served by either party.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the reporting period, none of the Company or its subsidiaries was a party to any arrangements which enable the Directors or chief executive of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the service contracts and letters of appointment entered with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or any time during the year.

# Report of the Directors



## COMPETING INTEREST

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (“Controlling Shareholders”) had an interest in a business which competes or may compete with the business of the Group.

Each of the Controlling Shareholders has provided a written confirmation (each a “Confirmation”, and together the “Confirmations”) to the Company confirming that he/she/it fully complied with the Deed of Non-Competition (as defined in the Prospectus) during the year ended 31 December 2025 and that they did not conduct any competing business with the Group and were not offered any competing business opportunities with the Group during the year ended 31 December 2025. The independent non-executive Directors have reviewed the Confirmations from the Controlling Shareholders and are satisfied that the Deed of Non-Competition was fully complied with by Controlling Shareholders during the year ended 31 December 2025, and no competing business was reported by the Controlling Shareholders throughout the year ended 31 December 2025.

## RELATED PARTY TRANSACTIONS

For the year ended 31 December 2025, the related party transactions entered by the Group are all disclosed in note 33 in the consolidated financial statements. Save as mentioned in such section, there were no other discloseable non-exempted connected transactions or non-exempted continuing connected transactions under the Listing Rules. To the extent that the related party transactions as disclosed in note 33 to the financial statements constituted connected transaction or continuing connected transaction, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2025.

## SHARE OPTION SCHEME

At the annual general meeting of the Company held on 8 June 2023 (the “Adoption Date”), the share option scheme of the Company adopted by the Company on 17 October 2019 was terminated and a new share option scheme (the “2023 Share Option Scheme”) was adopted by the Company on the same day. A summary of the principal terms of the 2023 Share Option Scheme is set out in the circular of the Company dated 5 May 2023. The 2023 Share Option Scheme will remain in force for a period of 10 years from on the Adoption Date. The remaining life of the 2023 Share Option Scheme is approximately eight years and two months.

The 2023 Share Option Scheme aims to provide incentives or rewards to the Group’s employees, directors and other eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and to maintain long term relationships with the Service Providers (as defined below).

### Eligible Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants (“Eligible Participants”), to take up options to subscribe for Shares (the “Options”):

- (a) directors and employees of any member of the Group (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with any member of the Group) (the “Employee Participants”);
- (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (the “Related Entity Participants”); and
- (c) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group and excludes (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions, (ii) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity (“Service Provider”).



## Report of the Directors

The eligibility of any of the Eligible Participants to the grant of Options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

### **Scheme Mandate Limit and Service Provider Sublimit**

The maximum number of Shares in respect of which Options granted under the 2023 Share Option Scheme or options and awards granted under any other schemes may be granted is 10% (the "Scheme Mandate Limit") of the Shares in issue as at the date of approval of the 2023 Share Option Scheme.

The maximum number of Shares in respect of which Options granted under the 2023 Share Option Scheme or options and awards granted under any other schemes may be granted to the Service Providers is 2% (the "Service Provider Sublimit") of the Shares in issue as at the date of approval of the 2023 Share Option Scheme, which is within the Scheme Mandate Limit.

### **Offer and Grant of Options**

An offer of the grant of an Option ("Offer") shall be deemed to have been accepted and the options to which such offer relates shall be deemed to have been accepted and the Option to which such offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of offer duly signed by the Participant ("Grantee") with the number of Shares in respect of which such offer is accepted clearly stated therein, together with a remittance in favor of the Company of HK\$1.0 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable and shall be deemed as part payment of the exercise price. Once accepted, the Option is granted as from the Offer Date (as defined below).

### **Exercise Price**

The exercise price shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option), but in any case the exercise price must be at least the higher of: (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a Business Day (the "Offer Date"); (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (c) the nominal value of a Share.

### **Maximum entitlement of each participant**

The maximum number of Shares in respect of which Options may be granted under the 2023 Share Option Scheme to any Eligible Participant, shall not, when aggregated with (a) any Shares issued upon exercise of Options or options or awards under any other schemes which have been granted to that Eligible Participant; (b) any Shares which would be issued upon the exercise of outstanding Options or options or awards under any other schemes granted to that Eligible Participant; and (c) any Shares which were the subject of Options or options or awards under any other schemes which had been granted to and accepted by that Eligible Participant but were subsequently cancelled (but for the avoidance of doubt, excluding any options and awards lapsed in accordance with the terms of the relevant scheme), in any 12-month period up to and including the Offer Date, exceed one per cent. of the number of Shares in issue on the Offer Date.

# Report of the Directors



## Exercise of Options

An option may be exercised in accordance with the terms of the 2023 Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by our Board to each Grantee as being the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the 2023 Share Option Scheme.

An Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the approved independent financial adviser, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

## Vesting Period

The vesting period for Options under the 2023 Share Option Scheme shall not be less than 12 months from the date of acceptance of the Offer. A shorter vesting period may be granted to the Employee Participants at the discretion of the Board in any of the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death, ill-health, injury or disability or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; and
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

## Performance target and clawback mechanism

Unless otherwise determined by the Board and specified in the Offer letter to a Grantee, there is no performance target that needs to be achieved by the Grantee before an Option can be exercised or any clawback mechanism under the 2023 Share Option Scheme to recover such number of Options granted. The performance targets, should the Board determine to impose on a Grantee, may comprise a mixture of attaining satisfactory key performance indicators components (such as the business performance and financial performance of the Group or departmental and individual performance based on performance assessment results) which may vary among the Eligible Participants. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors.



## Report of the Directors

As at the date of this report, the Company has no other share option schemes or share award schemes other than the 2023 Share Option Scheme.

The number of shares available for grant under the Scheme Mandate Limit as at the Adoption Date and as at the end of the financial period for the year ended 31 December 2025 was 125,000,000 shares (representing 10% of the issued Shares of the Company as at 31 December 2025). The number of shares available for grant under the Service Provider Sublimit as at the Adoption Date and as at the end of the financial period for the year ended 31 December 2025 was 25,000,000 shares (representing 2% of the issued shares of the Company as at 31 December 2025). No share options have been granted under the 2023 Share Option Scheme since its adoption.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the Directors and the chief executive of the Company and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

#### Long positions in the shares of the Company:

Name of Director	Capacity	Number of ordinary shares Held (Note 1)	Approximate percentage of the Company's issued share capital
Mr. Tam Kwok Pui ("Mr. Tam")	Interest in controlled corporation (Note 2)	838,076,505 (L)	67.1%
Ms. Yeung Suk Foon Paulina ("Mrs. Tam")	Family interest of spouse (Note 3)	838,076,505 (L)	67.1%

Notes:

- (1) The letter "L" denotes the person's long position in our Shares.
- (2) Strategic King Holdings Limited ("Strategic King") is owned as to 90% by Mr. Tam and 10% by Mrs. Tam. Mr. Tam controls more than one-third of the voting rights of Strategic King and is deemed interested in the shares held by Strategic King by virtue of the SFO.
- (3) Mrs. Tam is the spouse of Mr. Tam and is deemed interested in the Shares held by Strategic King by virtue of the SFO.

Apart from the foregoing, none of the Directors and chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO.

# Report of the Directors



## PERMITTED INDEMNITY PROVISION

The Articles of the Company provides that the Directors or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings, civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged appropriate insurance cover or other relevant arrangement in respect of potential legal actions against its Directors and senior management members as well as directors of the subsidiaries of the Group.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which are required 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 required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

### Long and short positions in the shares of the Company:

Name of Shareholders	Nature of interests	Number of the shares interested (Note 1)	Approximate percentage or attributable percentage of shareholding (%)
Strategic King	Beneficial owner (Note 2)	838,076,505 (L)	67.1%

Notes:

1. The letter "L" denotes the person's long position in our Shares.
2. Strategic King is owned as to 90% by Mr. Tam and 10% by Mrs. Tam. Mr. Tam and his spouse, Mrs. Tam control more than one-third of the voting rights of Strategic King and are deemed interested in the shares held by Strategic King by virtue of the SFO.

Save as disclosed above, as at 31 December 2025, the Directors or chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.



# Report of the Directors

## MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's revenue and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2025 is as follows:

	Percentage of the Group's total	
	revenue	purchases
The largest customer	73.0%	N/A
The five largest customers in aggregate	99.7%	N/A
The largest supplier	N/A	12.7%
The five largest suppliers in aggregate	N/A	45.7%

So far as the Board is aware, none of the Directors, their close associates nor any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any beneficial interest in these major customers and suppliers.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules since the date of listing of the Company till 31 December 2025 and as at the latest practicable date prior to the publication of this annual report.

## TAX RELIEF AND EXEMPTION

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

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 26 to 32.

# Report of the Directors



## AUDITORS

On 18 February 2020, HLB Hodgson Impey Cheng Limited was appointed by the Board to fill the casual vacancy created by Deloitte Touche Tohmatsu.

Apart from the foregoing, there were no other changes in auditors of the Company in any of the preceding three years and since 18 February 2020.

The consolidated financial statements for the year ended 31 December 2025 have been audited by HLB Hodgson Impey Cheng Limited which shall retire and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting. A resolution to re-appoint HLB Hodgson Impey Cheng Limited and to authorize the Board of Directors to fix its remuneration will be proposed at the forthcoming annual general meeting.

## APPRECIATION

On behalf of the board of Directors (the “Board”), the Chairman of the Board would like to express gratitude to our management and staff for their dedication and contribution to the Group, and our shareholders and business associates for their continued support throughout the year.

On behalf of the Board

**Tam Kwok Pui**  
*Chairman*

Hong Kong, 31 March 2026



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Tam Kwok Pui**, aged 75, our founder, was appointed as a Director on 31 May 2013, re-designated as our executive Director and appointed as our Chairman and chief executive officer on 27 February 2019. Mr. Tam is primarily responsible for overseeing the operation and overall decision making of our Group. Mr. Tam graduated from The Chinese University of Hong Kong in October 1973 with a bachelor's degree in business administration. He has more than 30 years of experience in the garment industry. Mr. Tam is our controlling shareholder as well as the spouse of Ms. Yeung Suk Foon Paulina, an executive Director, and the brother of Mr Tam Kwok Hee ("Mr. Raymond Tam"), a senior management of the Company.

**Ms. Yeung Suk Foon Paulina**, aged 70, was appointed as a Director on 19 November 2013 and re-designated as our executive Director on 27 February 2019. Mrs. Tam is currently the president of our Group and is principally responsible for the sales and marketing operation of our Group. Mrs. Tam has more than 30 years of experience in the garment industry. Mrs. Tam is our controlling shareholder as well as the spouse of Mr. Tam Kwok Pui, an executive Director, and sister in-law of Mr. Raymond Tam a senior management of the Company.

**Mr. Lui Ho Ming Paul**, aged 60, was appointed as our independent non-executive Director on 26 July 2019 and re-designated from an independent non-executive Director to an executive Director with effect from 1 January 2025. Mr. Lui is principally responsible for overseeing the operation of our Group in overseas. Mr. Lui graduated from Macquarie University in April 1993 with a master degree of economics and Hong Kong Metropolitan University (formerly The Open University of Hong Kong) in December 2007 by distance learning with a master's degree in electronic commerce. He has over 20 years' experience in corporate finance industry. He was an independent non-executive director of Century Energy International Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8132) from 4 August 2021 to 8 September 2024. Mr. Lui was a director of Zhong Bu Development Singapore Pte. Ltd. from March 2024 to June 2024. He was a consultant of Altus Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO from April 2023 to February 2025 holding a license to provide corporate finance advisory matters.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Mak King Sau**, aged 52, was appointed as our independent non-executive Director on 1 December 2021. Mr. Mak is a member of the American Institute of Certified Public Accountants. He graduated from Boston University with a Bachelor of Science in Business Administration and was awarded a Master of Science in Financial Management from University of London. Mr. Mak served various senior management positions in investment institutions. He has more than 20 years of experience in corporate finance and private equity fund investment. He is currently an independent non-executive director of Travel Expert (Asia) Enterprises Limited (a company listed on the main board of the Stock Exchange, stock code: 1235). From 2010 to 2012, he worked for Sino-Life (Hong Kong) Limited (a wholly-owned subsidiary of Sino-Life Group Limited (a company listed on the GEM of the Stock Exchange, stock code: 8296)) as general manager. From 2007 to 2018, Mr. Mak was an independent non-executive director of Xinjiang Tianye Water Saving Irrigation System Company Limited (stock code: 840), a company listed on The Stock Exchange of Hong Kong Limited.



## Biographical Details of Directors and Senior Management

**Mr. Woo Chun Fai**, aged 51, was appointed as our independent non-executive Director on 26 July 2019. Mr. Woo graduated from Cambridge University in July 2000 with a master of arts and from the University of Hong Kong in June 1997 with a Postgraduate Certificate in Laws. He has over 20 years' experience in the legal industry. He is a qualified solicitor in Hong Kong. Mr. Woo is currently a senior consultant of K Y Woo & Co LLP, a law firm in Hong Kong.

**Ms. Lau Jeny**, aged 67, was appointed as our independent non-executive Director on 1 January 2025. She is currently an executive Director of MGM China Holdings Limited (HKEX stock code:2282), an integrated resort operator, since May 2023. She was a member of the Compliance Committee of MGM China Holdings Limited from June 2021 to May 2023. Meanwhile, she has been the Chief Operating Officer and Director of Grand Paradise Group (HK) Limited, a private family office entity, since 2015. Prior to joining Grand Paradise Group, Ms. Lau was the Chief Operating Officer and Director of Phoenix Property Investors, a regional private equity real estate fund house, since 2009. Before that, Ms. Lau was the Chief Financial Officer and Executive Director on the Board of SOCAM Development Limited (HKEX stock code:983). Prior to joining SOCAM Development, Ms. Lau was the Director of Corporate Finance at Shun Tak Holdings Limited (HKEX stock code:242). Ms. Lau was also the Managing Director of Platinum Securities Company Limited and a Director of Platinum Holdings Company Limited, a regional investment bank group. Prior to joining the Platinum Group, she was with Jardine Fleming Securities Limited, leading international accounting firms in both the United States and Hong Kong as well as major commercial banks in the United States. Ms. Lau was also an independent non-executive director at Tan Chong International Limited (HKEX stock code:693) from 2003 till 2009. Ms. Lau holds a Bachelor of Science in Accounting degree and a Master of Science in Systems and Accountancy from University of Illinois at Chicago. She is a Certified Public Accountant and holds professional memberships at American Institute of Certified Public Accountants, Hong Kong Institute of Certified Public Accountants and Hong Kong Securities Institute.

### SENIOR MANAGEMENT

**Mr. Foo Tin Chung, Victor**, aged 57, joined the Company in April 2018. He is currently the vice president, chief financial officer and company secretary of the Company. Mr. Foo holds a bachelor degree in Accounting and Information System in the University of New South Wales in Australia and a master degree in Business Administration in Australia Graduate School of Management. He is a member of the Australia Society of Certified Practising Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Foo is also the company secretary of Grand Pharmaceutical Group Limited (stock code: 512).

**Ms. Wu Qian**, aged 43, joined our Group in July 2006 and is currently our chief operation officer. She is mainly responsible for merchandising, operations, shipping, production and factory evaluation functions of our Group. Ms. Wu graduated from Shanghai Institute of Technology majoring in international trade in January 2011.



## Biographical Details of Directors and Senior Management

**Mr. Tam Kwok Hee Raymond**, aged 77, joined our Group in July 1983 as the director of Justin Allen Limited until August 1990. He is currently a director of Jie Wei (Cambodia) Garment Factory Limited and the vice president — overseas operations of the Company, and is responsible for the management of our Cambodia Factory. Mr. Raymond Tam received a diploma in management studies from The Hong Kong Polytechnic (presently known as The Hong Kong Polytechnic University) in 1979. He has more than 45 years of experience in the garment industry. Mr. Raymond Tam is the brother of Mr. Tam Kwok Pui and brother-in-law of Ms. Yeung Suk Foon Paulina, who are executive Directors.

**Ms. Li Yan Ting**, aged 39, joined our Group in March 2010 as the finance manager until June 2017. Ms. Li rejoined our Group as the financial controller since April 2018. She is mainly responsible for management and supervision of our finance team of our head office in Shanghai. Ms. Li obtained a bachelor's degree in management in July 2007 and a master's degree in national economics from University of Shanghai for Science and Technology in March 2010. She has over eight years of working experience in the finance and accounting field.

### CHANGES IN INFORMATION OF DIRECTORS

The changes of information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Lui Ho Ming Paul was re-designated from an independent non-executive Director to an executive Director with effect from 1 January 2025. Mr. Lui is principally responsible for overseeing the operation of our Group overseas.

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

# Corporate Governance Report



The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix C1 of the Listing Rules during the year ended 31 December 2025, except for the following deviations:

Pursuant to Code Provision C.2.1 of the Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Mr. Tam Kwok Pui currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive in the same position has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

This report also provides the status of the Company’s compliance with the Corporate Governance Report as set out in Appendix C1 of the Listing Rules as follows:

## MODEL CODE FOR 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 of the Listing Rules as its own code of conduct for securities transactions by directors. Having made specific enquiry of the Company’s directors, all directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the year ended 31 December 2025.

## BOARD OF DIRECTORS

The Board is responsible for formulating and reviewing business strategies and directions, overseeing the management and monitoring the performance of the Group, while the management is delegated by the Board to execute these business strategies and directions and is responsible for the daily operations of the Group.

Currently, the Board comprises three executive Directors — Mr. Tam Kwok Pui, Ms. Yeung Suk Foon Paulina and Mr. Lui Ho Ming Paul and three independent non-executive Directors — Mr. Mak King Sau, Mr. Woo Chun Fai and Ms. Lau Jeny. Mr. Tam Kwok Pui is the Chairman and the Chief Executive Officer. Other than Ms. Yeung Suk Foon Paulina who is the spouse of Mr. Tam Kwok Pui, there is no other relationship among members of the Board.

The Board believes that the balance between executive and non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interests of shareholders and the Group.

The Company has received from each independent non-executive director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors have confirmed that they are independent.

All Directors are appointed for a term of three years and are subject to retirement by rotation and re-election at the general meetings in accordance with the Articles of the Company.



# Corporate Governance Report

## Board and Senior Management Diversity Policy

The Company has implemented a board and senior management diversity policy with the aim to set out the approach to achieve diversity in the Board and at the senior management level. The Company sees increasing diversity at Board and senior management level as essential to supporting attainment of its strategic objectives and to achieve sustainable and balanced development. In designing the composition of the Board and the senior management, the diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity. It should have a balance of skills and experience and a diversity of perspectives appropriate to the requirements of the Company's business.

The Company recognizes and embraces the benefits of having a diverse Board and senior management team to enhance the quality of its performance. Currently the Board and senior management team comprises 6 male and 4 female.

## TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Up to 31 December 2025, the Directors complied with the paragraph C.1.4 of the Code Provision on participation in continuous professional training as follows:

	Mode of participation	
	a	b
Mr. Tam Kwok Pui	√	√
Ms. Yeung Suk Foon Paulina	√	√
Ms. Lau Jeny	√	√
Mr. Lui Ho Ming Paul	√	√
Mr. Mak King Sau	√	√
Mr. Woo Chun Fai	√	√

- a: Directors received regular briefings and updates from the Company Secretary/the Company's management on the Group's business, operations and corporate governance matters.
- b: Directors read technical bulletins, periodicals and other publications on subjects relevant to the Group and/or on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

## AUDIT COMMITTEE

The Company has established the audit committee for the purpose of monitoring the integrity of the financial statements and overseeing the financial reporting process and the internal control system of the Group. Currently, the audit committee is chaired by independent non-executive director Mr. Mak King Sau and other members include the two independent non-executive directors Mr. Woo Chun Fai and Ms. Lau Jeny.

The Group's audited annual financial results for the year ended 31 December 2025 have been reviewed by the audit committee.

# Corporate Governance Report



## REMUNERATION COMMITTEE

The Company has established the remuneration committee to consider the remuneration of all directors and senior management of the Company. Currently, the remuneration committee is chaired by independent non-executive director Ms. Lau Jeny and other members include the executive director Mr. Tam Kwok Pui and the independent non-executive director Mr. Mak King Sau.

The remuneration committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and reviewing specific remuneration package of all Directors and senior management including any compensation payable for loss or termination of their office and appointment. The remuneration should reflect the performance, complexity of duties and responsibility of the individual. The remuneration committee held a meeting during the year ended 31 December 2025 to review the remuneration policy for all Directors and senior management.

The remuneration of Directors and senior management comprises salary, pensions and discretionary bonus. Details of the Directors' emoluments for the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements.

## NOMINATION COMMITTEE

The Company has established the nomination committee to assist the Board in the overall management of the director nomination practices of the Company. Currently, the nomination committee is chaired by executive director Mr. Tam Kwok Pui and other members include the independent non-executive directors Mr. Woo Chun Fai and Mr. Mak King Sau.

The nomination committee is responsible for assisting the Board in the overall management of the nomination practices of the Company to ensure that effective policies, processes and practices are implemented in respect of the appointment and removal of Directors. The nomination committee considers the past performance, qualification, general market conditions and the Articles of the Company in seeking and recommending candidates for directorship.

The nomination committee held a meeting in 2025 to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and other related matters of the Company.



# Corporate Governance Report

## ATTENDANCE RECORD AT MEETINGS

The attendance records of each Director at the various meetings of the Company during the year ended 31 December 2025 are set out below:

Directors	Annual General Meeting	Meetings Attended/Held			
		Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Tam Kwok Pui	1/1	4/4	N/A	2/2	2/2
Ms. Yeung Suk Foon Paulina	1/1	4/4	N/A	N/A	N/A
Mr. Lui Ho Ming Paul	1/1	4/4	N/A	N/A	N/A
Ms. Lau Jeny	1/1	4/4	2/2	2/2	N/A
Mr. Woo Chun Fai	1/1	4/4	2/2	N/A	2/2
Mr. Mak King Sau	1/1	4/4	2/2	2/2	2/2

## AUDITORS' REMUNERATION

During the year ended 31 December 2025, the auditors performed the work of statutory audit for the year of 2025. The audit fees for the year under review payable to the auditors of the Company, HLB Hodgson Impey Cheng Limited, amounted to HK\$1,680,000.

## FINANCIAL REPORTING

The Board has overall responsibility for preparing the accounts of the Group. In preparing the accounts, the generally accepted accounting policies in Hong Kong have been adopted and the Group has complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been applied consistently. The Directors are not aware of any other material uncertainties relating to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. The Group assigned different staffs to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems and reports to the Board. The Board also ensures that the review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but are not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

# Corporate Governance Report



During the year ended 31 December 2025, the Board had conducted its regular and annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by the management. The audit committee of the Company also performs regular review of the Group's performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of the Group. Such review in the year ended 31 December 2025 did not reveal any major issues and the Board considers our risk management and internal control systems effective and adequate. The Group's review procedures involved in the risk management and internal control mainly included:

- (1) A list of risks was created after the scope of risks was determined and risks were identified.
- (2) The impacts brought by possible financial losses due to risks on operating efficiency, continuous development, and reputation were assessed with reference to possible occurrence of various potential risks and the attention drawn from the management of the Group, based on which the priority of the risks was determined.
- (3) Our risk management measures with respect to material risks were identified, internal control over the design and implementation of risk management measures were assessed, and measures to improve the weaknesses were formulated.
- (4) By assessing internal controls and management's implementation of rectification measures with respect to material risks, the Group regularly reviewed and summarized the risk management and internal control systems to realize the efficient operation and constant improvement of risk management.
- (5) The risk management handbook was formulated to address risk management and internal control, pursuant to which, the terms of reference of the management, the Board, and the Audit Committee with respect to their risk management work were clearly determined, and risk management and internal control systems were monitored on an ongoing basis.
- (6) The management submitted reports to the Audit Committee on regular reviews and assessment results with respect to risk management and internal control systems, material risk factors, and the relevant countermeasures.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- (1) The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- (2) Confidentiality agreements or confidentiality clauses are in place when the Group enters into significant negotiations.
- (3) The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.



# Corporate Governance Report

## CORPORATE GOVERNANCE FUNCTIONS

The Board has adopted the terms of reference on corporate governance functions. The terms of reference of the Board in respect of corporate governance function are summarised as follows:

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

The work performed by the Board on corporate governance functions during the year ended 31 December 2025 included developing and reviewing the Company's policies on corporate governance and review the Company's compliance with the Code Provisions.

## INVESTORS RELATIONS

### Communication with Shareholders and Investors

The Company establishes different communication channels with shareholders and investors. Shareholders communications (such as the annual reports, interim reports and circulars) will be made available on the websites of the Company and the Stock Exchange, and will also be sent to shareholders if required by the Listing Rules. Shareholders are encouraged to attend general meetings of the Company which allows the Directors to meet and communicate with them.

### General Meetings and Shareholders' Rights

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 secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders of the Company or not less than 100 shareholders can put forward any proposed resolution or the business to be dealt with at general meetings of the Company by depositing a requisition in writing at the principal office of the Company. The requisition must be signed by the relevant shareholder(s).

# Corporate Governance Report



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

31/F, Excel Centre, 483A Castle Peak Road,  
Cheung Sha Wan, Hong Kong  
Email: victor.foo@justinallenhk.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

## **CONSTITUTIONAL DOCUMENTS**

There was no change to the Company's constitutional documents during 2025.



# Environment, Social and Governance Report

This report is prepared by the Company in accordance with the Environment, Social and Governance Reporting Guidelines as set out in Appendix C2 of the Listing Rules. This report covers entities with substantial effect to the financial and actual operational process, mainly being the companies and production plants located in the PRC, Hong Kong, Cambodia, Vietnam and Honduras. Save as otherwise indicated, the data and contents of the environmental, social and governance (“ESG”) performance disclosed in this report are all in relation to the period from 1 January 2025 to 31 December 2025.

## ESG STRATEGIES

To boost corporate responsibility competitiveness, the capacity itself has to be supported by a comprehensive ESG management system. The Group continues to consolidate a seamless mix and blend of ESG responsibility motif and operation strategies that will enable us to refine the ESG responsibility management system. The Board has always approved the Group’s commitment to its corporate social responsibility undertakings and assumed full responsibility for the Group’s ESG strategies and reporting. The Board is responsible for assessing and defining the Group’s ESG risks and ensures that the Group has formulated appropriate and effective ESG risk management and internal control systems.

The management team of the Group is responsible for implementing ESG risk management and internal control systems, as well as reporting to the Board on ESG-related risks and opportunities, and to provide confirmation regarding the effectiveness of the ESG system. The management team of the Group is also responsible for promoting and undertaking projects and daily management duties, along with setting up a comprehensive system for risk management and internal control, actively assisting the management to coordinate horizontally within the Group, so that each of the functional departments can fully implement each policy and communicate with each other, while effectively provide relevant data and information. The Group will compile reports and provide guidance and trainings based on the collected ESG data and information.

## STAKEHOLDER COMMUNICATION

The main stakeholders relevant to our Group include shareholders and investors, governments and regulatory authorities, customers and suppliers, employees and communities. The Group is committed to maintaining timely communication with all stakeholders, to truly understand their opinions and expectations, and through effective and diversified communication channels, which help the Group improve and refine its comprehensive management capabilities and levels on a continuous term. With such undertakings, the Group hope to safeguard the needs of stakeholders. The Group has identified the following distinctive stakeholders:

<b>Stakeholder</b>	<b>Shared objectives</b>	<b>Communication and feedback channels</b>
Shareholders and investors	<ul style="list-style-type: none"><li>– Steady growth in return on investments</li><li>– Asset preservation and appreciation</li><li>– Explore new markets and opportunities</li><li>– Prevent operation risk</li><li>– Safeguard information rights</li></ul>	<ul style="list-style-type: none"><li>– Annual general meeting</li><li>– Annual report and announcement</li><li>– Investor meetings</li><li>– Company website</li></ul>



# Environment, Social and Governance Report

Stakeholder	Shared objectives	Communication and feedback channels
Governments and regulatory authorities	<ul style="list-style-type: none"> <li>- Operation compliance with law</li> <li>- Pay tax in accordance with law</li> </ul>	<ul style="list-style-type: none"> <li>- Policy consultation and information exchange through tele-conversation</li> <li>- On-site inspection</li> <li>- On time tax payment</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Provide high quality products</li> <li>- Create win-win situation</li> <li>- Product safety</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings and email communication</li> <li>- On-site visits</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Advocate openness and fairness</li> <li>- Promote long-term cooperation and development</li> <li>- Product safety</li> </ul>	<ul style="list-style-type: none"> <li>- Evaluation on suppliers</li> <li>- On-site visits</li> <li>- Daily communication</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Protect employers' benefits and rights</li> <li>- Promote occupation health and safety</li> <li>- Provide equal employment opportunities</li> <li>- Provide promotion and development</li> <li>- Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>- Staff training</li> <li>- Staff interview</li> <li>- Internal email communication</li> <li>- Staff activities</li> </ul>
Communities	<ul style="list-style-type: none"> <li>- Facilitate employment</li> <li>- Enhance local economic development</li> </ul>	<ul style="list-style-type: none"> <li>- Provide employment opportunities</li> <li>- Promote local economic development</li> <li>- Community charity</li> </ul>

## ENVIRONMENTAL POLICY AND PERFORMANCE

Abiding by the rules and regulations as stipulated in Environmental Protection Law of the PRC, The Law on Prevention and Control of Water Pollution of the PRC, the Law of the PRC on Prevention and Control of Pollution by Environmental Noise, the Law on Prevention and Control of Atmospheric Pollution of the PRC, The Law on Environmental Protection and Management of Natural Resources in Cambodia, the Group upheld the concept of ensuring effective governance of pollutants and compliance with the standards of pollutant emission and preventing the occurrence of environmental pollution accidents, and adhered to the corporate environmental protection principles of placing environmental friendliness as the first priority, taking precaution as the main measure, adopting comprehensive rectification and management, and implementing energy-saving and emission reduction in the production process, in order to ensure the Group's production complying with laws and regulations and practically assume our corporate social responsibility. During the year ended 31 December 2025, the Group continued to conduct risk management on the environment, health and safety of its subsidiaries, implement self-inspection and rectification on the operation status of environmental protection facilities, with a view to ensuring compliance with laws and regulations and promoting sustainable development of the Group.



# Environment, Social and Governance Report

## **Governance of Climate Risks**

The Board of Directors assumes overall responsibility for overseeing climate-related risks and opportunities. Management is tasked with integrating climate considerations into operational planning, including energy use, water management, and supply chain resilience. This governance framework ensures that climate-related risks are identified, assessed, and addressed in line with HKEX's enhanced disclosure requirements effective 1 January 2025

The Board has overall responsibility for overseeing climate-related risks and opportunities as part of the Group's broader ESG strategy by:

- Identifying and assessing climate-related risks and opportunities during annual materiality assessments;
- Monitoring progress against environmental targets (including GHG emissions intensity reduction); and
- Periodically review on climate-related matters, including performance metrics and emerging regulatory developments.

Senior management are responsible for day-to-day implementation, including data collection, risk evaluation, and integration of climate considerations into operational decisions.

## **Risk Management**

Climate-related risks are identified, assessed, prioritised, and monitored through the Group's existing ESG risk management process:

- Evaluated during supplier due diligence and project planning (e.g., assessing suppliers' environmental practices and resilience);
- Monitored via internal controls, regular management reviews, and Board oversight.

No material climate-related risks were identified as having a significant financial impact during the Reporting Period. The Group will continue to enhance climate risk monitoring, including scenario analysis and supply chain resilience assessments, to ensure emerging risks are captured in future disclosures. Baseline data collection is in progress; full disclosure will be provided in FY2026.



# Environment, Social and Governance Report

## (1) Energy Use and Emissions

With a focus on production management, the Group always paid close attention to the implications and importance of environmental protection in its operations. Thus, the Group strived to bring in sustainable values into its daily business activities through a series of environmental control measures. The Group placed an emphasis on reducing its environmental footprint. In this regard, the Group implemented measures to periodically monitor and progressively reduce both energy consumption and progressively reduce both energy consumption and emissions.

Due to our business operation characteristics, the Group did not have substantial emission issues. The Group consumed electricity and water at offices, factory buildings, canteen and other common areas under its operational control; petrol fuel for vehicular transportation; and wood fuel for generating steam to be used in ironing. To conserve energy, the Group required employees to turn off all lighting, electrical appliances and equipment in the premises when not in use. In addition, environmentally friendly operating guidelines are posted in the offices and factory buildings for staff to follow. Our Henan factory also formulated internal management procedures in accordance with the policies, regulations and standards of the state, local and industry authorities related to energy conservation, such as the Energy Conservation Law of the People's Republic of China and the Law of the People's Republic of China on Promoting Clean Production to improve the utilization rate of energy and resources and reduce the possible waste of energy and resources that may be generated, especially perform water balance assessment and upgrade equipment to use water in a more effective way such as installing water-saving models of sanitary equipment and high-pressure micro mist humidifier.

During the year ended 31 December 2025, the emission breakdown was as follows:

<b>Air emissions</b>	<b>Unit</b>	<b>2025</b>
Nitrogen oxides ("NO <sub>x</sub> ")	Emissions tonnes	0.027
Sulphur oxides ("SO <sub>x</sub> ")	Emissions tonnes	0.000415
Particulate matters ("PM")	Emissions tonnes	0.0015

During the year ended 31 December 2025, the greenhouse gas ("GHG") emissions were as follows:

<b>Greenhouse gas ("GHG") emissions</b>	<b>Unit</b>	<b>2025</b>
Mobile combustion source	tCO <sub>2</sub> e	66.84
Stationary combustion source	tCO <sub>2</sub> e	22,233.24
<b>Direct emissions of GHG</b>	<b>tCO<sub>2</sub>e</b>	<b>22,300.09</b>
Electricity	tCO <sub>2</sub> e	4.22
<b>Indirect emissions of GHG</b>	<b>tCO<sub>2</sub>e</b>	<b>4.22</b>
<b>Other indirect emissions of GHG</b>	<b>tCO<sub>2</sub>e</b>	<b>250.26</b>
<b>Tree planted</b>	<b>tCO<sub>2</sub>e</b>	<b>(2.23)</b>
<b>Total GHG emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>22,554.34</b>
<b>Intensity per employee</b>	<b>tCO<sub>2</sub>e/employee</b>	<b>10.56</b>

Direct greenhouse gas emissions from operations that are controlled by the Group were mainly generated from the consumption of petrol and diesel by vehicles as mobile combustion source, and consumption of LPG used for cooking stove as stationary combustion source. Furthermore, diesel is also utilized for power generation, contributing to the direct greenhouse gas emissions. Indirect greenhouse gas emissions from operations mainly resulted from the electricity purchased.



# Environment, Social and Governance Report

For the upcoming new production plants in Vietnam and Kenya, the Group is considering to use different ways to allow our energy consumption in a more environmental friendly way, such as using solar panels for electricity and building the production plant in an energy-saving design. The Group targets to reduce GHG emissions by 5% in the next reporting period.

During the year ended 31 December 2025, the energy consumption was as follows:

<b>Energy Consumption</b>	<b>Unit</b>	<b>2025</b>
Purchased electricity	MWh	8,030.3
LPG	MWh	52,173.82
Petrol	MWh	176.7
Diesel	MWh	76.47
<b>Total energy consumption</b>	<b>MWh</b>	<b>60,457.30</b>
<b>Intensity per employee</b>	<b>MWh/employee</b>	<b>28.32</b>

The Group targets to reduce energy consumption by 5% in the next reporting period.

## **Metrics and Targets**

In accordance with HKEX's enhanced climate disclosure standards, the Group has begun reporting quantitative climate-related metrics. For FY2025, Scope 1 and Scope 2 greenhouse gas emissions will be disclosed, with progressive inclusion of Scope 3 emissions from supply chain and logistics. The Group has set targets to reduce energy intensity and water consumption per garment by 5-10% by 2030, while increasing the share of renewable energy in production facilities to 10-15%. Hazardous waste discharge will be reduced by 10-15% compared to the 2020 baseline. These targets align with international best practices and demonstrate our commitment to measurable sustainability outcomes.

## **(2) Waste Management**

As the Group recognised waste as the direct reflection of its environmental footprints, it has taken various measures to reduce and manage the production and handling of waste. To decrease the production of waste, the Group constantly encouraged employees to optimise resources usage where possible.

The procurement of raw materials of the Group is mainly fabric and the Group did not generate a significant amount of waste due to the nature of its operations. Thus, the relevant waste figures and intensity were not disclosed. Regardless of the insignificant generation of waste, the Group was dedicated to handling and disposing such waste in accordance with applicable laws and regulations. In addition, the Group appointed qualified contractors to collect and handle different types of waste.

In the course of production, the Group used software for the design of paper patterns, with an aim to utilize every single inch of fabric and minimize the unused waste fabric. We also work hard with customers to avoid over-packaging, which can minimize the use of packaging materials and also lower the fuel consumption during delivery. Also, the Group has gradually implemented a new ERP system, in which more work-flows and approval procedures can be done by electronic means and thus reduced the usage of papers. The Group targets to reduce resources consumption by 5% in the next reporting period.



# Environment, Social and Governance Report

The summary below is the resources usage during the year ended 31 December 2025:

<b>Resources Consumption</b>	<b>Unit</b>	<b>2025</b>
Electricity	kWh	8,030,303
Water	m <sup>3</sup>	38,889
Wood	tonnes	1,680
Packaging materials – Boxes	pcs	867,066
Packaging materials – Padding	pcs	672,475
Packaging materials – Polybags	pcs	13,578,939
Packaging materials – Others	pcs	750,000

The summary below is the breakdown of Hazardous waste and Non-hazardous waste during the year ended 31 December 2025:

	<b>Unit</b>	<b>2025</b>
Hazardous waste	tonnes	0.38
Non-hazardous waste	tonnes	8.03

The Group targets to reduce Hazardous waste and Non-hazardous waste by 5% in the next reporting period.

### (3) Climate Change

The impacts and risks of climate change on the sustainable development of global enterprises bring various challenges to the operation of enterprises, which are issues for them to address.

The PRC government has announced the goal of “carbon peak emissions and carbon neutrality” to the world. In the future, it will continue to put more efforts on environmental protection and increase the control of resources and energy consumption. Enterprises will face increased investment in environmental protection and energy-saving equipment, which will bring higher cost pressure. The Group actively promoted green development with the direction of source control and classified treatment of pollution sources, so as to reduce the generation and emission of pollutants from the source and reduce the risk and cost of environmental protection.

In addition, the increased frequency and intensity of extreme weather may bring potential safety risks to the Group’s production and operation. In order to ensure that in the event of sudden extreme weather events, all emergency work can be quickly activated and operated, the Group has set up emergency measures for extreme weather such as storm and strong snow and clarified the organizational structure and responsibilities, to minimize casualties and property losses caused by extreme weather. In the long run the Group will set up production bases in different countries to diversify the potential risks from extreme weather.



# Environment, Social and Governance Report

## EMPLOYMENT AND LABOUR PRACTICES

The Group had 2,135 employees as at 31 December 2025. All employees are above the minimum salary requirements in respective area and have participated in the respective social and health insurance in accordance with the regulatory requirements in the PRC, Hong Kong, Cambodia, Vietnam and Honduras. Sustainable development of talents serves as an important guarantee for the Group to accomplish its strategic objectives. The Group works hard to create a fair and harmonious working environment to build up an enterprise with competitiveness and growing power. As such, the foundation of talents has been laid for the corporate sustainable development.

### (1) Employee Rights

The Group has stringently implemented relevant laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Labour Law of Cambodia and other laws in related to labour protections in corresponding operation countries, and formulated the human resources management system to proactively safeguard the legal rights of employees.

The Group promotes a cultural atmosphere of synergistic cooperation, advocates equality between people, and adheres to the principle of fairness and justice. We are against any form of discrimination. We have adopted the same starting salary for employees of different gender, complied with the same minimum wage standard, forbid any sexual discrimination during the employment and promotion processes, and applied equal pay for equal work. The wages of all the Group's existing employees are in compliance with the local labour rules and policies. The Group will, in accordance with requirements of the national law at the time of recruiting employees, stringently examine the identities and ages of applicants, and will never employ child labours and forced labour. The Group is not aware of any differentiation in salary packages in relation to gender, age and nationality during recruitment and examination, selection, employment and deployment of applicants.

To attract and retain talent, the Group offered competitive remuneration packages, additional paid leave, reasonable working hours and rest periods. On top of that, the Group also provided rewards and bonus to outstanding employees as an incentive to praise and encourage their continuous hard work. 100% of our employees are employed as full-time staff.

To enhance employees' relationships and sense of belonging, the Group also organized staff activities and festival celebrations. For example, our internal email in Shanghai office will circulate the monthly birthday notice and share the highlights of birthday celebration of last month.



## Environment, Social and Governance Report

During the reporting period, total workforce by gender, age group and geographical region are detailed as below:

### Number of Employees

#### *By gender*

Male	640
Female	1,495

#### *By age group*

Under 30 years old	772
30 to 50 years old	1,265
Over 50 years old	98

#### *By geographical region*

PRC	376
Cambodia	1,616
Honduras	140
Vietnam	3

During the reporting period, the breakdown of turnover rate by gender, age group and geographical region are detailed as below:

### Average turnover rate

#### *By gender*

Male	8.70%
Female	6.64%

#### *By age group*

Under 30 years old	7.02%
30 to 50 years old	5.29%
Over 50 years old	9.48%

#### *By geographical region*

PRC	10.86%
Cambodia	5.14%
Honduras	3.10%
Vietnam	0.00%

Note: the average turnover rate is calculated by dividing the number of employee turnover during the year by the average number of employees.



# Environment, Social and Governance Report

## (2) Employee Safety

The Group endeavoured to provide a safe and healthy workplace for employees through risk identification and prevention. Therefore, the Group conducted risk assessment to identify the underlying industrial risks as a way to initiate safety preventive measures. Moreover, the Group carried out safety audits on site to further analyse the relevant measures, review the efficiency of the implemented safety measures and develop improvement plans. The Group also provided the employees with necessary safety equipment in the workshops to reduce the risk and impact of industrial accidents.

Our factories implemented a number of measures to oversee and maintain onsite safety. In addition to posting safety warnings and operational guidelines, fire safety training and urgent evacuation were conducted regularly to enhance staff's capacity to react and escape in case of emergency. The Group also recruited onsite doctor and nurses to provide medical support for staff at all times. Also during the COVID-19 pandemic the Group had provided protective gears and sanitizing products to staffs to minimize their infection risk.

As a result of the comprehensive safety measures, the Group complied with all applicable laws and regulations in regard to occupational health and safety. During the past three years, neither major safety incidents and serious fire accidents nor work-related fatal incidents of members of the Group had happened. There were no lost days due to work injury during the year ended 31 December 2025.

## (3) Employee Training

The Group recognised a strong workforce as the key to maintain efficiency of its business operation, and strived to support employees' capacity building. Induction trainings were provided to factory staff as a way to convey the Group's expectations and enhance their capability to conduct duty. During the reporting period, the Group had provided employees with different training covering topics such as production techniques and safety standards. We also assigned mentor to newly employed staffs to offer guidance and help for familiarising with our operation. The breakdown of average training hours completed per employee by gender and employee category is as below:

	Employee trained %	Average training hour
<b>By gender</b>		
Male	96.73	4.38
Female	99.10	2.73
<b>By employee category</b>		
Management staff	94.12	3.73
Operational staff	99.53	2.98



# Environment, Social and Governance Report

## COMMUNITY

The Group, whilst creating value for shareholders and wealth for customers, has proactively engaged in public service sector. We are concerned about minority groups and difficult public livelihood, and have fully assumed our social responsibility by giving full impetus to the progress and harmonious development of the community, enterprises and regional economies. The Group strives to undertake corporate social responsibility in the coming years, so as to give back and contribute to society.

## OPERATION PRACTICE

### (1) Supply Chain Management

The Group recognised the suppliers and sub-contractors as a crucial part of ensuring product quality and delivery. To diversify the supply chain, the Group anticipated to expand the geographic spread of suppliers and sub-contractors through engaging companies in different locations including China, Vietnam and Cambodia. We have assigned staffs in different locations to frequently communicate with our key suppliers and sub-contractors to ensure the prompt response to our requirements and monitor the products quality. For selecting suppliers, a due diligence check will be performed and we may visit the production plants if necessary. The Group valued suppliers, apart from the quality of their products and services, especially the degree of environmental friendliness of the raw materials they provided. We required our suppliers to continuously increase the degree of environmental-friendliness of their skills and update old facilities when possible. With the introduction of technologically-advanced facilities which are more environmental-friendly and low consumption, the consumption of resources and emission of pollutants can both be reduced. During the reporting period, the Group had a total of 215 suppliers, 179 suppliers were located in China, 6 in Honduras, 30 in Cambodia.

### (2) Product Responsibility

To further enhance competitiveness, the Group has placed a high emphasis on the policies of quality assurance and product responsibility. We have quality assurance departments to check on the raw materials and finished goods to ensure meeting the standard of the Group and customers. The team also performed quality checks at different production stages to ensure the production procedures are in line with the operation guidelines. In 2025, the Group did not recall any products due to safety and health reasons. Due to the characteristics of our OEM business model, our customers may directly claim on products with defects or unsatisfied quality other than making complaints, and in 2025 the sales claim amount was approximately HK\$2,313,000 out of our HK\$1.10 billion revenue amount.

Our factories, and also the production premises, are operating in line with the strict requirements imposed by our international customers. Their requirements covered various aspects, including the production flow, storage, fire safety, etc. Our customers will also regularly perform site inspection to ensure everything meets their standards. During the past years, we passed all inspections and thus showed that our operation can match with the international standard.

To prevent the leak of customers' information and also protect the patents of customers, the Group exercised strict control over customers' information. Each major international customer of the Group (which contributed approximately 99% of the overall revenue of the Group) is handled by an individual team, and only senior staffs of each team can access to relevant customers' information. The senior management of the Company is responsible for overseeing and monitoring the overall customer information management effectiveness.

### **(3) Anti-corruption**

The Group, committed to pursuing operation in good faith, constantly enhances internal control and monitoring mechanism within the enterprise, and stringently observes the rule on fair competition. Employees are required to strictly comply with provisions in relation to prohibition of commercial bribery acts under the Law Against Unfair Competition of the People's Republic of China, Criminal Law and Companies Ordinances, and all of the relevant management rules on integrity and self-discipline as stipulated by the Company. The Group is firmly against accepting commercial bribery, committing bribery and receiving gifts arising from other improper commercial acts, and establishes a management system and measures on capital management to prevent money laundering. The Company will promptly denounce and report to the relevant department for suspected personnel.

The Group regularly organizes anti-corruption trainings to enhance employees' understanding of job-related crimes and the study of relevant laws and regulations, and incorporates the study of internal compliance management system into the normalized and institutionalized training mechanism to enhance employees' compliance awareness and cultivate corporate compliance culture. In 2025, the Group and its employees were not involved in any corruption litigation.

# Independent Auditors' Report



國衛會計師事務所有限公司  
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## TO THE SHAREHOLDERS OF JUSTIN ALLEN HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Justin Allen Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 49 to 123, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### BASIS FOR OPINION

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

### KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.



# Independent Auditors' Report

## Key audit matter

## How our audit addressed the key audit matter

### Revenue recognition

Refer to Note 6 to the consolidated financial statements and the material accounting policy information in Note 4 to the consolidated financial statements

The Group's revenue arising from manufacturing and sales of sleepwear products, loungewear products, greige fabric and processing services.

Revenue from sales of products (sleepwear product, loungewear product and greige fabric) and processing services for the year ended 31 December 2025 amounted to approximately HK\$1,097,480,000 and HK\$1,089,000 respectively. The Group has operations in several geographical locations.

Revenue arising from sales of products is recognised when the control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the price to sell the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location and the risks of obsolescence and loss have been transferred to the customers.

We focused on this area due to the large volume of revenue transactions derived from sales in different geographical locations such that we have incurred significant time and resources in carrying out our work in these locations.

Our audit procedures in related to revenue recognition included:

- understanding and evaluating management's key internal controls that are present in the Group's sales from end-to-end.
- testing samples of sales transactions against sales orders, shipping documents, invoices and other supporting documents. To the extent that those sales have been settled, we also reviewed bank remittance advices and/or bank statements in support of the payments made by the customers.
- testing sales transactions that took place shortly before and after the balance sheet date to assess whether sales transactions were recognised in the correct reporting periods.
- testing samples of revenue-related journal entries by inquiring management of their nature and inspecting the relevant supporting documents.

We found that the Group's sales transactions were recognised in a manner consistent with the Group's accounting policy for revenue recognition.

# Independent Auditors' Report



## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

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 the Other Information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITORS' 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 auditors' report that includes 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## Independent Auditors' Report

### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

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

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

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

# Independent Auditors' Report



## **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

From the matters communicated with those charged with governance, 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah (practising certificate number: P06417).

**HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

Hong Kong, 31 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	6	<b>1,098,569</b>	1,067,830
Cost of sales		<b>(762,622)</b>	(746,240)
<b>Gross profit</b>		<b>335,947</b>	321,590
Other income	7	<b>21,693</b>	21,103
Other gains and losses, net	8	<b>7,746</b>	3,654
Selling and distribution expenses		<b>(57,202)</b>	(52,227)
Administrative expenses		<b>(86,435)</b>	(69,111)
Finance costs	9	<b>(18,319)</b>	(19,234)
<b>Profit before tax</b>		<b>203,430</b>	205,775
Income tax expense	10	<b>(36,742)</b>	(35,402)
<b>Profit for the year</b>	11	<b>166,688</b>	170,373
<b>Other comprehensive income/(expenses)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>8,284</b>	(5,755)
Other comprehensive income/(expenses) for the year		<b>8,284</b>	(5,755)
<b>Total comprehensive income for the year</b>		<b>174,972</b>	164,618
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>166,749</b>	170,373
Non-controlling interests		<b>(61)</b>	–
		<b>166,688</b>	170,373
<b>Total comprehensive income/(expenses) for the year attributable to:</b>			
Owners of the Company		<b>175,043</b>	164,618
Non-controlling interests		<b>(71)</b>	–
		<b>174,972</b>	164,618
Earnings per share, basic and diluted (HK cents)	13	<b>13.34</b>	13.63

The accompanying notes form an integral part of these consolidated financial statements.



# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	148,858	128,849
Right-of-use assets	16	75,881	75,385
Rental deposits	19	5,918	5,608
Deferred tax assets	17	4,245	3,465
		<b>234,902</b>	213,307
<b>Current assets</b>			
Inventories	18	137,139	133,457
Trade and other receivables	19	91,021	105,205
Financial assets at fair value through other comprehensive income	20	52,254	74,873
Financial assets at fair value through profit or loss	21	373,248	111,110
Tax recoverable		2,184	–
Bank balances and cash	22	236,302	418,507
		<b>892,148</b>	843,152
<b>Current liabilities</b>			
Trade and other payables	23	153,455	182,633
Lease liabilities	24	3,137	1,795
Tax liabilities		4,885	14,629
		<b>161,477</b>	199,057
<b>Net current assets</b>		<b>730,671</b>	644,095
<b>Total assets less current liabilities</b>		<b>965,573</b>	857,402



# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	36	12
Lease liabilities	24	27,378	27,713
		<b>27,414</b>	27,725
<b>Net assets</b>		<b>938,159</b>	829,677
<b>Capital and reserves</b>			
Share capital	25	12,500	12,500
Reserves		922,220	817,177
Equity attributable to owners of the Company		934,720	829,677
Non-controlling interests		3,439	–
<b>Total equity</b>		<b>938,159</b>	829,677

The consolidated financial statements on pages 49 to 123 were approved and authorised for issue by the Board of Directors on 31 March 2026 and signed on its behalf by:

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**Tam Kwok Pui**  
Executive Director

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**Yeung Suk Foon Paulina**  
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company						Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Exchange reserve	Retained profits			
	(Note (i))	(Note (ii))	(Note (iii))	(Note (iv))					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	12,500	113,535	4,361	17,097	(12,072)	590,263	725,684	-	725,684
Profit for the year	-	-	-	-	-	170,373	170,373	-	170,373
Exchange differences arising on translation of foreign operations	-	-	-	-	(5,755)	-	(5,755)	-	(5,755)
Total comprehensive income/(expenses) for the year	-	-	-	-	(5,755)	170,373	164,618	-	164,618
Dividends (Note 14(b))	-	-	-	-	-	(60,625)	(60,625)	-	(60,625)
At 31 December 2024	<b>12,500</b>	<b>113,535</b>	<b>4,361</b>	<b>17,097</b>	<b>(17,827)</b>	<b>700,011</b>	<b>829,677</b>	<b>-</b>	<b>829,677</b>
Profit for the year	-	-	-	-	-	166,749	166,749	(61)	166,688
Exchange differences arising on translation of foreign operations	-	-	-	-	8,294	-	8,294	(10)	8,284
Total comprehensive income/(expenses) for the year	-	-	-	-	8,294	166,749	175,043	(71)	174,972
Dividends (Note 14(b))	-	-	-	-	-	(70,000)	(70,000)	-	(70,000)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	3,510	3,510
At 31 December 2025	<b>12,500</b>	<b>113,535</b>	<b>4,361</b>	<b>17,097</b>	<b>(9,533)</b>	<b>796,760</b>	<b>934,720</b>	<b>3,439</b>	<b>938,159</b>

The accompanying notes form an integral part of these consolidated financial statements.



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

## Notes:

### (i) Share premium

As at 31 December 2018, the share premium represents the difference between the par value of shares of Justin Allen Overseas Limited (“**JA Overseas**”), a subsidiary of the Group, issued to the shareholders and the considerations received from the shareholders. On 27 February 2019, pursuant to the sale and purchase agreements entered into between Strategic King, the Company, and the non-controlling shareholders of JA Overseas, the Company allotted 10,679 shares and 1,267 shares to Strategic King and the non-controlling shareholders of JA Overseas, respectively, to acquire the entire shareholdings of JA Overseas. Accordingly, share premium of HK\$30,405,000 is reclassified as other reserve. JA Overseas becomes a wholly-owned subsidiary of the Company upon the completion of the transaction.

Upon the completion of global offering, the Company had issued and fully paid 1,250,000,000 ordinary shares. As at 31 December 2019, the share premium represents the difference between the par value of shares of Justin Allen Holdings Limited issued and the considerations received from the shareholders.

### (ii) Statutory reserve

Pursuant to the relevant laws in the People’s Republic of China (the “**PRC**”), each of the subsidiaries established in the PRC is required to transfer 10% of its profit after tax per statutory financial statements (as determined by the management of the subsidiary) to the statutory reserve. The statutory reserve is discretionary when the reserve balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years’ losses or, expend the existing operations or can be converted into additional capital of the subsidiary.

### (iii) Other reserve

As at 1 January 2018, other reserve represents deemed contributions of HK\$110,705,000 from Mr. Edmond Tam for capital injections in Henan Kaiyu Spinning, Weaving & Apparel Limited (“**Henan Kaiyu**”), a subsidiary of the Group. On 11 December 2018, pursuant to a sale and purchase agreement entered into between JA Overseas and Mr. Edmond Tam, JA Overseas agrees to purchase and Mr. Edmond Tam agrees to sell the entire issued shares of Power Summit Investments Limited (“**Power Summit**”), the immediate holding company of Henan Kaiyu, at cash consideration of RMB90,000,000 (equivalent to HK\$103,257,000).

Other reserve represented the difference between the Group’s shares of nominal value of the paid-up capital of the subsidiary acquired over the Group’s cost of acquisition of the subsidiary under common control upon reorganisation.

### (iv) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025



	Notes	2025 HK\$'000	2024 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		<b>203,430</b>	205,775
Adjustments for:			
Finance costs	9	<b>18,319</b>	19,234
Interest income	7	<b>(17,218)</b>	(14,532)
Dividend income	7	<b>(1,659)</b>	(1,686)
Depreciation of property, plant and equipment	15	<b>16,312</b>	14,840
Depreciation of right-of-use assets	16	<b>5,297</b>	4,686
(Reversal of)/allowance for expected credit loss recognised on trade and other receivables, net	8	<b>(186)</b>	926
Unrealised fair value change on financial assets at fair value through profit or loss	8	<b>(3,343)</b>	(277)
Gain on disposal of financial assets at fair value through profit or loss	8	<b>(579)</b>	(45)
Gain on disposal/written off of property, plant and equipment	8	<b>(96)</b>	(17)
Gain on early termination of leases	8	<b>–</b>	(828)
<b>Operating cash flows before movements in working capital</b>		<b>220,277</b>	228,076
Increase in inventories		<b>(2,036)</b>	(53,342)
Decrease/(increase) in trade and other receivables		<b>19,734</b>	(2,534)
Decrease in trade receivables at fair value through other comprehensive income		<b>22,619</b>	8,087
(Decrease)/increase in trade and other payables		<b>(30,353)</b>	8,255
Cash generated from operations		<b>230,241</b>	188,542
Hong Kong Profits Tax paid		<b>(47,966)</b>	(33,615)
PRC Enterprise Income Tax paid		<b>(685)</b>	(4,398)
Cambodia Corporate Income Tax paid		<b>(1,000)</b>	–
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>180,590</b>	150,529
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(33,243)</b>	(22,796)
Placement of financial assets at fair value through profit or loss		<b>(354,821)</b>	(28,212)
Proceed from withdrawal of financial assets at fair value through profit or loss		<b>96,605</b>	28,258
Interest received		<b>17,196</b>	14,586
Proceeds from disposal of property, plant and equipment		<b>382</b>	99
Dividend income		<b>1,659</b>	1,686
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(272,222)</b>	(6,379)



# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>FINANCING ACTIVITIES</b>			
Interest paid	32	(13,712)	(14,777)
Dividends paid	32	(70,000)	(60,625)
Repayment of lease liabilities	32	(7,155)	(4,350)
New bank loans raised		41,889	–
Repayment of bank loans		(41,889)	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(90,867)</b>	(79,752)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(182,499)</b>	64,398
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>418,507</b>	354,981
<b>EFFECT OF FOREIGN EXCHANGE RATE</b>		<b>294</b>	(872)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR REPRESENTING CASH AND BANK BALANCES</b>	22	<b>236,302</b>	418,507

The accompanying notes form an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Justin Allen Holdings Limited (the “Company”) is an investment holding company. The Group is principally engaged in the manufacturing and sales of sleepwear products, loungewear products, greige fabric and processing services.

The Company was incorporated in the Cayman Islands on 31 May 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 28 November 2019.

The address of the Company’s registered office is Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands, and the Company’s principal place of business is 31/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Hong Kong.

In the opinion of the Directors, the Company’s parent and ultimate holding company is Strategic King Holdings Limited (“Strategic King”), a company incorporated in the British Virgin Islands (“BVI”) and wholly-owned by Mr. Tam Kwok Pui, Edmond (“Mr. Edmond Tam”) and Ms. Yeung Suk Foon, Paulina (“Ms. Paulina Yeung”), the spouse of Mr. Edmond Tam (together, the “Ultimate Controlling Shareholders”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”). The functional currency of the Company is United States dollars (“USD”). The Group adopted HK\$ as presentation currency for the convenience of the financial statements users and because the Company’s shares are listed on the Stock Exchange of Hong Kong Limited. All values are rounded to the nearest thousand dollars (HK\$’000) except otherwise indicated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

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

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the HKICPA and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

### (b) Basis of preparation of consolidated financial statements

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

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

### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the group. They are deconsolidated from date that control ceases.

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Basis of consolidation** *(continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

### **Changes in the Group's interest in existing subsidiaries**

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### **Business combinations**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Business combinations (continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Business combinations** *(continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. 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.

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

### **Revenue Recognition**

#### ***Revenue from contracts with customers***

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

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

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Revenue Recognition *(continued)*

#### **Revenue from contracts with customers** *(continued)*

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

The Group principally engages in the manufacturing and sales of sleepwear products, loungewear products and greige fabric. The Group recognises the revenue at a point in time when the control of products is transferred to the customer, i.e., when the goods have been delivered to customers.

For processing services, such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls when the Group provides processing services. Revenue is recognised for these processing services based on the stage of completion of the contract using input method.

The progress towards complete satisfaction of a performance obligation for processing services is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

### **Leases**

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Leases** *(continued)*

#### **The Group as a lessee**

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (continued)

#### The Group as a lessee (continued)

##### Refundable rental deposits

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.

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

The lease payments included:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Leases** *(continued)*

#### **The Group as a lessee** *(continued)*

##### *Lease modifications (continued)*

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

### **Employee benefit**

#### ***Retirement benefit costs***

Payments to defined contribution retirement benefit schemes are recognised as expenses when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans including the Long Service Payment (“LSP”) under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group’s defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Employee benefit** *(continued)*

#### **Retirement benefit costs** *(continued)*

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest on the net defined benefit liability or asset; and
- remeasurement of the net defined benefit liability or asset in other comprehensive income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Employee benefit (continued)

#### Retirement benefit costs (continued)

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If the contributions are linked to services, they reduce service cost. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered.

For LSP obligation, the Group accounts for the employer mandatory provident fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

#### Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

#### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Share-based payments

#### ***Equity-settled share-based payment transactions***

##### *Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in share-based payments reserve. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

### **Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" because 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 differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Taxation** *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

### **Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Contractual restrictions affecting use of bank balances and disclosed in note 22.

### **Provision**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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 at FVTPL are recognised immediately in profit or loss.

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.

Interest income which are derived from the financial assets are presented as “other income”.

### **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 generally by regulation or convention in the market place concerned.

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.

### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(continued)*

#### **Financial assets** *(continued)*

##### *Classification and subsequent measurement of financial assets (continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(continued)*

#### **Financial assets** *(continued)*

##### *Classification and subsequent measurement of financial assets (continued)*

###### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and trade receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

###### (ii) Trade receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for trade receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss of these receivables had been measured at amortised cost. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

###### (iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss exclude any interest earned on the financial asset and is included in the "other gains and losses, net" line item.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Financial instruments *(continued)*

#### Financial assets *(continued)*

##### *Impairment of financial assets*

The Group perform impairment assessment under expected credit loss (“ECL”) model on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, trade receivables at FVTOCI 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 date. Assessment is done 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 past events and the current conditions at the reporting date as well as the forecast of future economic conditions.

For all other 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, in which case 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.

#### (i) 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 date 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, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operation.

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; and
- 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(continued)*

#### **Financial assets** *(continued)*

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

##### (i) Significant increase in credit risk *(continued)*

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.

Despite the afore-going, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower 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 debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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.

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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, 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)*

### **Financial instruments** *(continued)*

#### **Financial assets** *(continued)*

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

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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:

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

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### (v) 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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Financial instruments *(continued)*

#### Financial assets *(continued)*

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

##### (v) Measurement and recognition of ECL *(continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and trade receivables without reserve that are measured at FVTOCI where the corresponding adjustment is recognised through a loss allowance account. For trade receivables without recourse that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

##### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “Other gains and losses, net” line item (note 8) as part of the net foreign exchange gains/(losses).

##### Derecognition of financial assets

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(continued)*

#### **Financial liabilities and equity instruments**

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

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

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (continued)

#### Financial liabilities and equity instruments (continued)

##### Financial liabilities at FVTPL (continued)

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as foreign exchange options, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

##### Financial liabilities at amortised cost

Financial liabilities including trade and other payables, lease liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses, net" line item in profit or loss (note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

##### Derecognition of financial liabilities

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 is recognised in profit or loss.

### Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

### Related parties

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Related parties *(continued)*

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

### Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Segment reporting** *(continued)*

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

### **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors are required to make judgements, 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 on-going 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.

### **Key sources of estimation uncertainty**

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

### **Provision of ECL for trade and other receivables**

The Group's management determines the provision of ECL for trade receivables based on the ECL which uses a lifetime expected loss allowance for all trade receivables. For other receivables, the provision of ECL is based on 12m ECL. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement 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. Management reassesses the provision at each reporting date.

The provision of ECL is sensitive to changes in estimates. The information about the ECL for trade and other receivables are disclosed in note 31(b).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from the manufacturing and sales of products, which included sleepwear products, loungewear products, greige fabric and processing services for the years ended 31 December 2025 and 2024.

The Group has one operating segment based on information reported to the chief operating decision maker of the Group (the executive directors of the Company who are also directors of the operating subsidiaries) (the “CODM”) for the purpose of resource allocation and performance assessment, which is the consolidated results of the Group, focuses on the operating result of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no analysis of segment assets or segment liabilities is presented.

### Revenue from major products and services

#### *Disaggregation of revenue from contracts with customers*

	2025 HK\$'000	2024 HK\$'000
Sales of products		
– Sleepwear	754,795	726,449
– Loungewear	339,863	326,189
– Greige fabric	2,822	12,493
Processing services	1,089	2,699
	<b>1,098,569</b>	1,067,830
<b>Timing of revenue recognition</b>		
At a point in time	1,097,480	1,065,131
Over time	1,089	2,699
	<b>1,098,569</b>	1,067,830

Revenue from sales of products, which included sleepwear products, loungewear products and greige fabric, is recognised when control of the goods has transferred, being when the goods have been shipped to the customer’s specific location (delivery). The normal credit period is 0 to 120 days upon delivery.

For processing services, such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls when the Group provides processing services. Revenue is recognised for these processing services based on the stage of completion of the contract using input method. No credit period is granted to the customers.

Revenue arising from sales of products and processing services are under fixed price arrangement with customers. During the years ended 31 December 2025 and 2024, all performance obligations for sales of products, and processing services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at the end of each reporting period is not disclosed.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

The following is an analysis of the Group's revenue from external customers as presented based on the location of customers:

	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>		
United States of America	<b>812,053</b>	793,227
United Kingdom	<b>104,081</b>	95,126
Ireland	<b>101,703</b>	108,583
Canada	<b>43,044</b>	24,833
Spain	<b>31,403</b>	30,869
The PRC	<b>6,087</b>	15,192
Cambodia	<b>198</b>	–
	<b>1,098,569</b>	1,067,830

The analysis of the Group's non-current assets by location of assets is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>		
The PRC	<b>111,589</b>	113,308
Hong Kong	<b>28,455</b>	28,765
Cambodia	<b>51,425</b>	49,377
Vietnam	<b>11,297</b>	11,298
Honduras	<b>4,657</b>	7,094
Kenya	<b>23,234</b>	–
	<b>230,657</b>	209,842

Note: Non-current assets excluded deferred tax assets.

### Information about major customers

Revenue from customers for the years ended 31 December 2025 and 2024 contributing over 10% of the Group's revenue are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	<b>802,212</b>	784,911
Customer B	<b>245,139</b>	240,999



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Government grants	581	609
Interest income		
– Bank deposit	14,767	13,024
– Financial assets at fair value through profit or loss	2,451	1,508
Dividend income	1,659	1,686
Sales of raw materials and samples	684	3,906
Others	1,551	370
	<b>21,693</b>	<b>21,103</b>

Note:

During the current year, the government grants mainly represent the subsidies granted by the PRC government to certain subsidiaries of the Group for subsidising their operating costs and supporting enterprises development. There were no unfulfilled conditions or contingencies relating to these subsidies.

## 8. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Gain on disposal/written off of property, plant and equipment	96	17
Gain on early termination of leases	–	828
Net foreign exchange gain	3,542	3,413
Reversal of/(allowance for) expected credit loss recognised on trade and other receivables, net	186	(926)
Fair value change on financial assets at fair value through profit or loss, net		
– Realised gain	579	45
– Unrealised gain	3,343	277
	<b>7,746</b>	<b>3,654</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. FINANCE COSTS

Interest on trade financing  
Interest on bank borrowings  
Interest on lease liabilities

<b>2025</b>	2024
<b>HK\$'000</b>	HK\$'000
<b>13,364</b>	14,777
<b>348</b>	–
<b>4,607</b>	4,457
<b>18,319</b>	19,234

## 10. INCOME TAX EXPENSE

The income tax expense comprises:

Current tax:

Hong Kong Profits Tax  
PRC Enterprise Income Tax  
Cambodia Corporate Income Tax  
Vietnam Corporate Income Tax  
United States Corporate Income Tax

<b>2025</b>	2024
<b>HK\$'000</b>	HK\$'000
<b>34,027</b>	36,275
<b>1,660</b>	127
<b>670</b>	674
<b>19</b>	–
<b>4</b>	–
<b>36,380</b>	37,076
<b>1,122</b>	–
<b>(760)</b>	(1,674)
<b>36,742</b>	35,402

Under provision in prior years:

Hong Kong Profits Tax  
Deferred tax credit (Note 17)

### (a) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. INCOME TAX EXPENSE *(Continued)*

### (b) PRC Enterprise Income Tax

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the years ended 31 December 2025 and 2024.

Pursuant to the EIT Law of PRC and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to the PRC withholding tax at tax rate of 5%.

### (c) Cambodia Corporate Income Tax

Pursuant to the relevant laws and regulations in Cambodia, the tax rate of the Cambodian subsidiary is 20% during the years ended 31 December 2025 and 2024.

### (d) Vietnam Corporate Income Tax

Pursuant to the relevant laws and regulations in Vietnam, the tax rate of the Vietnamese subsidiary is 20% during the years ended 31 December 2025 and 2024.

### (e) Honduras Corporate Income Tax

Pursuant to the relevant laws and regulations in Honduras, the tax rate of the Honduran subsidiary is 25% during the years ended 31 December 2025 and 2024.

### (f) United States Corporate Income Tax

Pursuant to the relevant laws and regulations in United States, the tax rate of the United States subsidiary is 21% during the year ended 31 December 2025.

### (g) Kenya Corporate Income Tax

Pursuant to the relevant laws and regulations in Kenya, the tax rate of the Kenya subsidiary is 30% during the year ended 31 December 2025. The Kenya subsidiary is qualified as an Export Processing Zone Enterprise from 27 August 2025 and enjoy Kenya Corporate Income Tax rate of 0% for maximum ten years.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Profit before tax	<b>203,430</b>	205,775
Tax at average income tax rate (Note)	<b>31,697</b>	32,452
Tax effect of expenses not deductible for tax purposes	<b>1,868</b>	3,921
Tax effect of income not taxable for tax purposes	<b>(3,306)</b>	(5,291)
Underprovision in respect of prior year	<b>1,122</b>	–
Tax effect of temporary differences not recognised	<b>(140)</b>	(140)
Tax effect of tax losses not recognised	<b>5,547</b>	4,462
Tax effect of tax losses utilised	<b>(43)</b>	–
Tax concessions	<b>(3)</b>	(2)
Income tax expense for the year	<b>36,742</b>	35,402

Note: The average income tax rate for the years ended 31 December 2025 and 2024 represented the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of profit before tax and the tax rate of the relevant entities of the corresponding years.

## 11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Directors' remuneration (Note 12)	<b>9,738</b>	7,100
Other staff costs:		
Salaries and other benefits	<b>125,593</b>	101,895
Retirement benefits scheme contributions	<b>11,876</b>	8,964
	<b>137,469</b>	110,859
Auditors' remuneration	<b>1,680</b>	1,600
Depreciation of property, plant and equipment (Note 15)	<b>16,312</b>	14,840
Depreciation of right-of-use assets (Note 16)	<b>5,297</b>	4,686
Cost of inventories recognised as an expense	<b>589,497</b>	669,956
Expenses related to short-term leases (Note 16)	<b>2,528</b>	2,744
(Reversal of)/allowance for expected credit loss recognised on trade and other receivables, net	<b>(186)</b>	926

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

### (a) Directors' and chief executive's emoluments

During the years ended 31 December 2025 and 2024, the emoluments paid or payable to the directors of the Company disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

#### For the year ended 31 December 2025

	Fees HK\$'000	Other emoluments			Total HK\$'000
		Salaries, allowances and other benefits HK\$'000	Performance based bonuses (Note (i)) HK\$'000	Retirement benefit scheme contributions HK\$'000	
<b>Executive directors</b>					
Mr. Edmond Tam	–	1,320	3,000	–	4,320
Mr. Paulina Yeung	–	1,200	3,000	–	4,200
Mr. Lui Ho Ming, Paul (Note (ii))	–	480	–	18	498
<b>Independent non-executive director</b>					
Mr. Mak King Sau	240	–	–	–	240
Mr. Woo Chun Fai	240	–	–	–	240
Ms. Lau Jeny (Note (iii))	240	–	–	–	240
	<b>720</b>	<b>3,000</b>	<b>6,000</b>	<b>18</b>	<b>9,738</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### (a) Directors' and chief executive's emoluments (continued)

For the year ended 31 December 2024

	Fees HK\$'000	Other emoluments			Total HK\$'000
		Salaries, allowances and other benefits HK\$'000	Performance based bonuses (Note (i)) HK\$'000	Retirement benefit scheme contributions HK\$'000	
<b>Executive directors</b>					
Mr. Edmond Tam	–	1,320	2,000	–	3,320
Ms. Paulina Yeung	–	1,200	1,500	–	2,700
Mr. So Lie Mo, Raymond (Note (iv))	–	360	–	–	360
<b>Independent non-executive directors</b>					
Mr. Mak King Sau	240	–	–	–	240
Mr. Lui Ho Ming, Paul (Note (ii))	240	–	–	–	240
Mr. Woo Chun Fai	240	–	–	–	240
	720	2,880	3,500	–	7,100

Note:

- (i) The performance based bonuses are determined based on the performance of the employees and the profitability of the Company for the years ended 31 December 2025 and 2024.
- (ii) Mr. Lui Ho Ming, Paul was re-designated to an executive director with effect from 1 January 2025.
- (iii) Ms. Lau Jeny was appointed with effect from 1 January 2025.
- (iv) Mr. So Lie Mo, Raymond was resigned with effect from 1 January 2025.

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2024: two) directors, details of whose remuneration are set out in note 12(a) above. Details of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	5,240	2,118
Performance based bonuses	6,208	30
Retirement benefit scheme contributions	316	157
	<b>11,764</b>	<b>2,305</b>

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	–	3
HK\$3,500,001 to HK\$4,000,000	2	–
HK\$4,000,001 to HK\$4,500,000	1	–
	<b>3</b>	<b>3</b>

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024. No emoluments were paid by the Group to any of the directors, the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2025 and 2024.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2025 HK\$'000	2024 HK\$'000
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<b>166,749</b>	170,373
	<b>'000</b>	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,250,000</b>	1,250,000

Basic and diluted earnings per share for the years ended 31 December 2025 and 2024 were the same as there were no ordinary shares in issue during the years ended 31 December 2025 and 2024.

## 14. DIVIDENDS

### (i) Dividends payable to equity shareholders of the Company attributable to the year

	2025 HK\$'000	2024 HK\$'000
Final dividend proposed after the end of reporting period of HK\$0.048 per share (2024: HK\$0.056 per share)	<b>60,000</b>	70,000

### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 HK\$'000	2024 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.056 per share (2024: HK\$0.0485 per share)	<b>70,000</b>	60,625

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>Cost</b>							
At 1 January 2024	160,143	3,298	43,790	13,838	2,376	3,563	227,008
Additions	-	182	2,037	2,381	518	17,678	22,796
Transfers	-	610	6,356	30	-	(6,996)	-
Disposals/written off	-	-	(1,437)	(84)	(96)	-	(1,617)
Exchange realignment	(3,902)	(92)	(1,114)	(384)	(38)	(28)	(5,558)
<b>At 31 December 2024</b>	<b>156,241</b>	<b>3,998</b>	<b>49,632</b>	<b>15,781</b>	<b>2,760</b>	<b>14,217</b>	<b>242,629</b>
Additions	915	116	4,163	1,337	560	26,152	33,243
Transfers	-	12,974	625	-	-	(13,599)	-
Disposal/written off	-	-	(358)	(186)	(384)	-	(928)
Exchange realignment	5,962	156	1,268	589	56	(85)	7,946
<b>At 31 December 2025</b>	<b>163,118</b>	<b>17,244</b>	<b>55,330</b>	<b>17,521</b>	<b>2,992</b>	<b>26,685</b>	<b>282,890</b>
<b>Accumulated depreciation</b>							
At 1 January 2024	56,171	3,034	30,993	11,564	1,534	-	103,296
Provided for the year	6,653	891	5,914	1,113	269	-	14,840
Eliminated on disposals/written off	-	-	(1,365)	(79)	(91)	-	(1,535)
Exchange realignment	(1,559)	(86)	(843)	(299)	(34)	-	(2,821)
<b>At 31 December 2024</b>	<b>61,265</b>	<b>3,839</b>	<b>34,699</b>	<b>12,299</b>	<b>1,678</b>	<b>-</b>	<b>113,780</b>
Provided for the year	6,680	1,655	6,075	1,478	424	-	16,312
Eliminated on disposal/written off	-	-	(101)	(176)	(365)	-	(642)
Exchange realignment	2,683	123	1,253	479	44	-	4,582
<b>At 31 December 2025</b>	<b>70,628</b>	<b>5,617</b>	<b>41,926</b>	<b>14,080</b>	<b>1,781</b>	<b>-</b>	<b>134,032</b>
<b>Carrying values</b>							
<b>At 31 December 2025</b>	<b>92,490</b>	<b>11,627</b>	<b>13,404</b>	<b>3,441</b>	<b>1,211</b>	<b>26,685</b>	<b>148,858</b>
At 31 December 2024	94,976	159	14,933	3,482	1,082	14,217	128,849

The cost of above items of property, plant and equipment, other than construction in progress, less their residual values are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	2.5%–5% or over the term of the lease
Leasehold improvements	20% or over the term of the lease, whichever is shorter
Plant and machinery	10–33.3%
Furniture, fixtures and equipment	20–33.3%
Motor vehicles	20%

The Group has pledged land and buildings with a carrying value of approximately HK\$27,996,000 as at 31 December 2025 (2024: approximately HK\$72,894,000) to secure general banking facilities granted to the Group. In addition, the Group does not have pledged plant and machinery as at 31 December 2025 (2024: approximately HK\$520,000) to secure general banking facilities granted to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. RIGHT-OF-USE ASSETS

	<b>Leasehold land</b> (Note (a)) HK\$'000	<b>Properties</b> (Note (b)) HK\$'000	<b>Total</b> HK\$'000
At 1 January 2024	50,219	21,117	71,336
Additions	–	25,687	25,687
Written off upon early termination of leases	–	(15,575)	(15,575)
Depreciation provided during the year	(1,223)	(3,463)	(4,686)
Exchange realignment	(1,343)	(34)	(1,377)
<b>At 31 December 2024</b>	<b>47,653</b>	<b>27,732</b>	<b>75,385</b>
Additions	–	3,723	3,723
Depreciation provided during the year	(1,222)	(4,075)	(5,297)
Exchange realignment	1,999	71	2,070
<b>At 31 December 2025</b>	<b>48,430</b>	<b>27,451</b>	<b>75,881</b>

	<b>2025</b> HK\$'000	2024 HK\$'000
Expenses relating to short-term leases	<b>2,528</b>	2,744
Total cash outflow for leases	<b>9,683</b>	7,094

The right-of-use assets represent the Group's right-to-use underlying leased land and premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of the lease liabilities.

Notes:

- (a) It represented the carrying amount of the title of the leasehold land of factory conducting fabric and garment production in Henan Province, the PRC ("Henan Factory") and in Vietnam. The Group owns leasehold land where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.
- (b) For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 to 50 years (2024: 2 to 10 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 does not have pledged right-of-use assets as at 31 December 2025 (2024: approximately HK\$39,257,000) to secure general banking facilities granted to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. DEFERRED TAX

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Deferred tax assets	<b>4,245</b>	3,465
Deferred tax liabilities	<b>(36)</b>	(12)
	<b>4,209</b>	3,453

The following are the deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	<b>Unrealised profit on inventories</b>	<b>Allowance for ECL of trade and other receivables</b>	<b>Other temporary difference</b>	<b>Right-of- use assets</b>	<b>Lease liabilities</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	1,547	10	800	(5,115)	4,533	1,775
Credited/(charged) to profit or loss (Note 10)	524	190	–	(599)	1,559	1,674
Exchange realignment	–	(1)	–	–	5	4
<b>At 31 December 2024</b>	<b>2,071</b>	<b>199</b>	<b>800</b>	<b>(5,714)</b>	<b>6,097</b>	<b>3,453</b>
Credited/(charged) to profit or loss (Note 10)	556	(40)	–	(84)	328	760
Exchange realignment	–	–	–	(15)	11	(4)
<b>At 31 December 2025</b>	<b>2,627</b>	<b>159</b>	<b>800</b>	<b>(5,813)</b>	<b>6,436</b>	<b>4,209</b>

No deferred tax asset has been recognised in respect of the unutilised tax losses of approximately HK\$38,120,000 as at 31 December 2025 (2024: approximately HK\$19,432,000), due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK\$12,274,000 and HK\$21,870,000 as at 31 December 2025 (2024: approximately HK\$11,286,000 and HK\$7,927,000) in the tax jurisdiction of the PRC and Cambodia may be carried forward for five years respectively.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC companies from 1 January 2008 onwards. Deferred taxation has not been provided for the years ended 31 December 2025 and 2024 in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to approximately HK\$56,490,000 and HK\$56,416,000, respectively, at 31 December 2025 and 2024, as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	108,974	104,552
Work in progress	6,673	7,804
Finished goods	21,492	21,101
	<b>137,139</b>	133,457

## 19. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	57,954	42,572
Less: allowance for expected credit losses	–	–
	<b>57,954</b>	42,572
Prepayments	12,468	16,317
Prepayments to import-export corporations (Note (a))	2,128	34,694
Deposits	7,186	6,908
Other tax recoverable	16,794	9,992
Other receivables (Note (b))	1,196	1,303
	<b>39,772</b>	69,214
Less: allowance for expected credit losses	(787)	(973)
	<b>38,985</b>	68,241
Less: rental deposits (non-current portion)	(5,918)	(5,608)
	<b>33,067</b>	62,633
	<b>91,021</b>	105,205

Notes:

- (a) Prepayments to import-export corporation mainly represented the prepayments in advance made by Justin Allen Limited, a subsidiary of the Company, to an independent import-export corporation A and the prepayments in advance made by Shanghai Jielong Trading Limited, a subsidiary of the Company, to another independent import-export corporation B.
- (b) At 31 December 2025, other receivables comprise interest receivable of approximately HK\$414,000 (2024: approximately HK\$436,000).

The Group allows a credit period of 0 to 120 days to its customers.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables net of allowance for expected credit losses, presented based on the delivery dates at the end of each reporting period:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>31,961</b>	24,346
31-60 days	<b>16,469</b>	15,321
61-90 days	<b>6,990</b>	2,531
Over 90 days	<b>2,534</b>	374
	<b>57,954</b>	42,572

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate amount of approximately HK\$2,527,000 (2024: approximately HK\$189,000) which are past due as at the reporting date. Out of the past due balances, none has been past due 90 days or more.

Details of impairment assessment of trade and other receivables for the years ended 31 December 2025 and 2024 are set out in note 31(b).

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Trade receivables at FVTOCI	<b>52,254</b>	74,873
Less: allowance for expected credit losses	–	–
	<b>52,254</b>	74,873

The following is an aging analysis of trade receivables at FVTOCI presented based on the delivery dates at the end of each reporting period:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
0–30 days	<b>51,459</b>	74,744
31–60 days	<b>795</b>	129
61–90 days	–	–
Over 90 days	–	–
	<b>52,254</b>	74,873

Details of impairment assessment of trade receivables at FVTOCI for the years ended 31 December 2025 and 2024 are set out in note 31(b).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
<b>Financial assets</b>		
Investments in listed bonds (Note (a))	<b>17,614</b>	19,484
Bonds funds (Note (b))	<b>25,468</b>	24,787
Investment funds (Note (c))	<b>74,322</b>	66,839
Structured products (Note (d))	<b>255,844</b>	–
	<b>373,248</b>	111,110

### Notes:

- (a) As at 31 December 2025, the Group held listed bonds with fixed interest ranged from 3.750% to 7.875% (2024: 3.750% to 7.950%) and maturity dates from 30 March 2026 to 17 August 2026 (2024: from 10 November 2025 to 17 August 2026).
- (b) As at 31 December 2025, the Group invested in certain bonds funds denominated in USD with principal amount USD3,600,000 (2024: USD3,600,000) operated by banks and investment management firms.
- (c) As at 31 December 2025, the Group invested in certain investment funds with notional amount of approximately USD9,170,000 (2024: USD8,235,000) operated by investment management firms.
- (d) As at 31 December 2025, the Group invested in certain structured products with notional amount of approximately USD33,000,000 (2024: Nil) operated by banks.
- (e) For information about methods and assumption using in determining the fair value of financial assets at FVTPL, please refer to note 31(c).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. BANK BALANCES AND CASH

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Cash on hand and in bank	<b>236,302</b>	418,507

As at 31 December 2025, bank balances carry interest at market rates which ranged from 0.01% to 3.97% (2024: 0.01% to 4.40%).

The Group's bank balances and cash that were denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Denominated in HK\$	<b>12,241</b>	2,243
Denominated in Renminbi ("RMB")	<b>5,624</b>	76,060
Denominated in Canadian dollar ("CAD")	<b>1</b>	1
Denominated in Kampuchean Riel ("KHR")	<b>218</b>	1,027
Denominated in United States dollar ("USD")	<b>40,664</b>	9,633
Denominated in Vietnamese Dong ("VND")	<b>19,294</b>	19,744
Denominated in Honduran Lempira ("HNL")	<b>452</b>	790
Denominated in Kenyan shilling ("KES")	<b>404</b>	–

As at the end of the reporting period, the cash and cash equivalents denominated in RMB and VND amounted to approximately RMB46,462,000 (2024: approximately RMB114,695,000) and approximately VND62,138,751,000 (2024: approximately VND61,595,177,000). However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations and the Law on Foreign Investment in Vietnam, the Group is permitted to exchange RMB and VND for other currencies through banks authorised to conduct foreign exchange business.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	65,337	80,485
Prepayments from and purchase payables due to import-export corporation (Note)	11,687	30,471
Accrued expenses	65,097	63,694
Other tax payables	2,628	4,219
Payables for acquisition of property, plant and equipment	1,246	1,207
Other payables	7,460	2,557
	<b>153,455</b>	<b>182,633</b>

Note:

Prepayments from and purchase payables due to import-export corporations mainly represented to the balance due to an independent import-export corporation A by Shanghai Jielong Trading Limited and the balance due to another independent import-export corporation B by Justin Allen Limited.

The following is an aged analysis of trade payables presented based on the invoice dates of goods at the end of each reporting period:

	2025 HK\$'000	2024 HK\$'000
0-30 days	63,599	73,435
31-60 days	596	6,648
61-90 days	13	137
Over 90 days	1,129	265
	<b>65,337</b>	<b>80,485</b>

The credit period on purchases of goods is 0 to 90 days upon the issue of invoices.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. LEASE LIABILITIES

The carrying amounts of the lease liabilities at 31 December 2025 and 2024 are set out as below:

	2025 HK\$'000	2024 HK\$'000
Non-current	27,378	27,713
Current	3,137	1,795
	<b>30,515</b>	29,508

	2025 HK\$'000	2024 HK\$'000
Lease liabilities comprises:		
– within one year	3,137	1,795
– more than one year but not exceeding two years	961	1,264
– more than two years but not exceeding five years	141	734
– more than five years	26,276	25,715
	<b>30,515</b>	29,508

The weighted average incremental borrowing rates applied to lease liabilities ranged from 1.54% to 18.67% (2024: from 2.94% to 17.12%).

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

## 25. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b> At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>50,000,000,000</b>	<b>500,000</b>
<b>Issued and fully paid:</b> At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>1,250,000,000</b>	<b>12,500</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



## 26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

### (a) Statement of Financial Position of the Company

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current asset</b>			
Investment in a subsidiary		20,609	20,609
<b>Current assets</b>			
Amount due from a subsidiary		364,375	296,375
Cash and cash equivalents		705	709
		<b>365,080</b>	297,084
<b>Current liabilities</b>			
Accruals and other payables		1,680	1,600
Amount due to a subsidiary		195,896	119,663
		<b>197,576</b>	121,263
<b>Net current assets</b>		<b>167,504</b>	175,821
<b>Net assets</b>		<b>188,113</b>	196,430
<b>Capital and reserve</b>			
Share capital	25	12,500	12,500
Reserves	26(b)	107,613	183,930
<b>Total equity</b>		<b>120,113</b>	196,430

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Tam Kwok Pui**  
Director

**Yeung Suk Foon Paulina**  
Director

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

### (b) Reserves of the Company

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	113,535	58,948	172,483
Profit and total comprehensive income for the year	–	72,072	72,072
Dividend (Note 14(b))	–	(60,625)	(60,625)
<b>At 31 December 2024</b>	<b>113,535</b>	<b>70,395</b>	<b>183,930</b>
Profit and total comprehensive income for the year	–	<b>61,683</b>	<b>61,683</b>
Dividend (Note 14(b))	–	<b>(70,000)</b>	<b>(70,000)</b>
<b>At 31 December 2025</b>	<b>113,535</b>	<b>62,078</b>	<b>175,613</b>

## 27. PARTICULARS OF SUBSIDIARIES

### (a) General information of subsidiaries

Details of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Principal place of operations	Nominal value of issued share capital	Percentage of equity interests and voting power attributable to the Company		Principal activities
				2025	2024	
Directly						
Justin Allen Overseas Limited ("JA Overseas")	BVI, 26 April 2012	Hong Kong	USD11,947	100%	100%	Investment holding
Indirectly						
Castle Eagle Investments Limited	BVI, 28 October 2013	Hong Kong	USD1	100%	100%	Investment holding
Jie Wei (Cambodia) Garment Manufacturing and Factory Limited	Cambodia, 9 February 2011	Cambodia	USD2,035,000	100%	100%	Manufacturing of sleepwear products, loungewear products and processing services
Justin Allen Limited	Hong Kong, 1 March 1983	Hong Kong	HK\$100,000	100%	100%	Sales of sleepwear products and loungewear products



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. PARTICULARS OF SUBSIDIARIES (Continued)

### (a) General information of subsidiaries (continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Principal place of operations	Nominal value of issued share capital	Percentage of equity interests and voting power attributable to the Company		Principal activities
				2025	2024	
Shanghai Jielong Trading Limited (Note (i))	The PRC, 9 June 2006	Shanghai, The PRC	RMB1,000,000	100%	100%	Sales of fabric
Justin Allen Hong Kong Limited	Hong Kong, 14 January 2016	Hong Kong	HK\$1,000	100%	100%	Investment holding
Power Summit Investments Limited	BVI, 16 May 2012	Hong Kong	USD1	100%	100%	Investment holding
Justin Allen Investment (China) Limited	Hong Kong, 27 July 2011	Hong Kong	HK\$100,000	100%	100%	Investment holding
Henan Kaiyu Spinning, Weaving & Apparel Limited ("Henan Kaiyu") (Note (i))	The PRC, 1 June 2011	Henan, The PRC	RMB119,744,836	100%	100%	Manufacturing of sleepwear products, loungewear products and greige fabric and processing services
JAVN Investments Limited	BVI, 6 July 2020	Hong Kong	USD1	100%	100%	Investment holding
Common Investment Limited	BVI, 24 December 2020	Hong Kong	USD1	100%	100%	Investment holding
JAVN Hong Kong Limited	Hong Kong, 4 June 2021	Hong Kong	HK\$54,600,100	100%	100%	Investment holding
JACA Investments Limited	BVI, 13 October 2021	Hong Kong	USD100	100%	100%	Investment holding
JA Honduras Garment Factory S. DE R.L.DE C.V.	Honduras, 27 May 2022	Honduras	HNL25,000	100%	100%	Manufacturing of sleepwear products, loungewear products and processing services
JA Vietnam Garment Manufacturing Company Limited	Vietnam, 3 August 2022	Vietnam	VND 156,905,000,000	100%	100%	Manufacturing of sleepwear products, loungewear products and processing services
JA E-Com Ltd.	BVI, 31 October 2023	Hong Kong	USD50,000	100%	100%	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. PARTICULARS OF SUBSIDIARIES (Continued)

### (a) General information of subsidiaries (continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Principal place of operations	Nominal value of issued share capital	Percentage of equity interests and voting power attributable to the Company		Principal activities
				2025	2024	
Justin Allen (Cambodia) Garment Manufacturing Co., Ltd.	Cambodia, 14 November 2023	Cambodia	USD4,300,000	100%	100%	Inactive
JA E-Com HK Limited	Hong Kong, 15 April 2024	Hong Kong	HK\$1	100%	100%	Investment holding
Shanghai Jiesicheng Supply Chain Management Co., Ltd. (Note (i))	The PRC, 30 May 2024	Shanghai, The PRC	RMB100,000	100%	100%	Purchase of fabric
Shanghai Justin E-Commerce Co., Ltd. (Note (i))	The PRC, 19 September 2024	Shanghai, The PRC	RMB100,000	100%	100%	Inactive
JAAF Investment Ltd.	BVI, 15 October 2024	Hong Kong	USD100	100%	100%	Inactive
JAAF Hong Kong Limited	Hong Kong, 11 November 2024	Hong Kong	HK\$100	100%	100%	Inactive
J AUS Apparels LLC	USA, 9 January 2025	USA	USD100	100%	-	Sales of products
J AUS Design LLC	USA, 18 March 2025	USA	USD100	100%	-	Product design
Justin Allen Kenya Garment Manufacturing EPZ Limited	Kenya, 13 February 2025	Kenya	USD4,500,000	90%	-	Manufacturing of sleepwear products, loungewear products and processing services

Notes:

(i) The Company is a Taiwan, Hong Kong or Macau legal person sole investment limited liability company.

None of the subsidiaries had issued any debt securities at the end of both years.

### (b) Details of non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ operation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		As at 31 December 2025	2024	Year ended 31 December 2025	2024	As at 31 December 2025	2024
		Justin Allen Kenya Garment Manufacturing EPZ Limited	Kenya	10%	-	(61)	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



## 27. PARTICULARS OF SUBSIDIARIES (Continued)

### (b) Details of non-wholly owned subsidiary that has material non-controlling interests (continued)

Summarised financial information in respect of the Group's subsidiary that have material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

#### **Justin Allen Kenya Garment Manufacturing EPZ Limited**

	2025 HK\$'000	2024 HK\$'000
Non-current assets	23,546	–
Current assets	12,013	–
Non-current liabilities	(1,166)	–
	<b>34,393</b>	–
Equity attributable to owners of the Company	30,954	–
Non-controlling interests	3,439	–
	<b>34,393</b>	–
Revenue	21	–
Expenses	(632)	–
Loss for the year	(611)	–
Loss attributable to owners of the Company	(550)	–
Loss attributable to non-controlling interests	(61)	–
Loss for the year	(611)	–
Other comprehensive expenses attributable to owners of the Company	(86)	–
Other comprehensive expenses attributable to non-controlling interests	(10)	–
Other comprehensive expenses	(96)	–
Total comprehensive expenses for the year attributable to:		
Owners of the Company	(636)	–
Non-controlling interests	(71)	–
	<b>(707)</b>	–
Net cash inflow from operating activities	25,234	–
Net cash outflow from investing activities	(21,956)	–
Net cash inflow	<b>3,278</b>	–



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. RETIREMENT BENEFIT SCHEMES

The Group provides defined contribution plans for its employees in Hong Kong, the PRC, Cambodia, Honduras and Vietnam.

### Hong Kong

The Group participates in a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, in which the contribution is matched by the employee.

### The PRC, Cambodia, Honduras and Vietnam

The Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in the PRC, Cambodia, Honduras and Vietnam. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes.

The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities.

The total expenses recognised in consolidated statement of profit or loss which amounted to approximately HK\$11,876,000 and HK\$8,964,000 for the years ended 31 December 2025 and 2024, respectively, represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

At 31 December 2025, the Group had no forfeited contribution available to reduce its contributions to pension schemes in future years (2024: HK\$Nil).

## 29. SHARE OPTION SCHEME

### 2023 Share Option Scheme

The Company has adopted a new share option scheme (the “2023 Scheme”) on 8 June 2023. The 2023 Share Option Scheme aims to provide incentives or rewards to its employees, directors and other eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and to maintain long term relationships with the Service Providers. The 2023 Scheme remain in force for a period of ten years commencing from 8 June 2023.

Under the 2023 Scheme, the Board may offer to grant option(s) to subscribe for such number of shares to any eligible participants as the Board may from time to time in its discretion determine on a case-by-case basis. The Company believes that the authority given to the Board to select the appropriate participants and to specify the terms and conditions in respect of any Options that may be granted, including the vesting period, performance targets and subscription price for such options, which will serve to protect the value of the Company as well as achieve the purposes of retaining and motivating the eligible participants to contribute to the development and growth of the Group for the benefit of the shareholders. Accordingly, the Directors consider that it is in the interest of the Company and the Shareholders as a whole to adopt the 2023 Scheme.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. SHARE OPTION SCHEME *(Continued)*

### 2023 Share Option Scheme *(continued)*

The subscription price in respect of any option, subject to the adjustment made of any alteration in the capital structure, shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share.

Summary of the principal terms of the 2023 Scheme was disclosed in the circular dated 4 May 2023.

The total number of securities available for issue under the 2023 Scheme as at 1 January 2025 and 31 December 2025 was 125,000,000 and 125,000,000 shares respectively which both represented approximately 10% of the issued share capital of the Company as at the corresponding date. Under the 2023 Scheme, the maximum entitlement of each participant should not be exceeded 1% of Shares in issue, and the service provider sublimit as at 31 December 2025 was 25,000,000 Shares. No option had been granted or agreed to be granted as at the date of this report.

## 30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the years ended 31 December 2025 and 2024.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost (including bank balance and cash)	301,851	468,317
Trade receivables at FVTOCI	52,254	74,873
Financial assets at FVTPL	373,248	111,110
	<b>727,353</b>	654,300
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	169,655	177,451

### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, trade receivables at FVTOCI, financial assets at FVTPL, bank balances and cash, trade and other payables and lease liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### **Market risk**

##### *Currency risk*

The Group undertakes certain transactions denominated in foreign currencies which are different from USD and RMB, the functional currency of the respective group entities. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### Market risk (continued)

#### Currency risk (continued)

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities as at 31 December 2025 and 2024 are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
HK\$	12,405	37,048	41,566	30,982
USD	40,687	9,633	80	235
RMB	5,655	76,060	455	–
CAD	1	1	–	–
KHR	218	1,027	–	–
VND	19,500	19,760	104	34
HNL	452	790	713	811
KES	460	–	–	–

#### Sensitivity analysis

The Group is mainly exposed to the effect of fluctuation of RMB and VND.

Under the pegged exchange rate system, the financial impact arising from changes in exchange rates between HK\$ and USD is not expected to be significant and therefore, the corresponding sensitivity analysis is not prepared.

The CAD, KHR, HNL and KES denominated assets are insignificant to the Group and therefore, the corresponding sensitivity analysis is not prepared.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in HK\$ against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### Market risk (continued)

##### Currency risk (continued)

##### Sensitivity analysis (continued)

A positive number below indicates increase in post-tax profit for the year where the functional currency strengthens 5% (2024: 5%) against the relevant foreign currencies. For a 5% (2024: 5%) weakening of functional currency against the relevant foreign currencies, there would be an equal and opposite impact on post-tax profit for the year.

	Profit for the year	
	2025 HK\$'000	2024 HK\$'000
RMB	217	3,176
VND	776	789

The Group's exposure was mainly attributable to the outstanding receivables and payables in RMB and VND, which were not hedged at the end of the reporting period. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

#### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to financial assets at FVTPL (see note 21 for details) and lease liabilities (see note 24 for details). However, management considers the fair value interest rate risk is insignificant.

The Group is also exposed to cash flow interest rate risk in relation to bank balances (see note 22 for details) due to the fluctuation of the prevailing market interest rate.

Bank balances are excluded from sensitivity analysis as the management consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

The Group currently does not have an interest rate hedging policy to hedge against the exposure. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

#### Sensitivity analysis

No sensitivity analysis for the years ended 31 December 2025 and 2024 since the Group did not have variable interest-bearing bank borrowings at the end of the reporting period.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### **Credit risk and impairment assessment**

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

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

#### *Trade receivables*

In respect of the trade receivables (including trade receivables at FVTOCI), the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

Majority of the Group's revenue is received from individual customers in relation to manufacturing and sales of sleepwear products, loungewear products, greige fabric and processing services. The Group's trade receivables arise from manufacturing and sales of sleepwear products, loungewear products, greige fabric and processing services.

The Group has concentration of credit risk as 48.3% and 63.8% of the total gross trade receivables was due from the Group's largest customer as at 31 December 2025 and 2024, respectively, and 100.0% and 99.9% of the total gross trade receivables was due from the five largest customers as at 31 December 2025 and 2024, respectively.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced and the ECL is insignificant.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### **Credit risk and impairment assessment** (continued)

##### *Other receivables and deposits*

For other receivables, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12m ECL, since the directors assessed that there has not been any significant increase in credit risk since initial recognition.

In determining the expected credit losses, the Group determines the ECL on these items individually based on past default experience of the counterparty and reputation, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

##### *Bank balances*

The bank balances are determined to have low credit risk. The credit risk on bank balances is limited because the counterparties are reputable banks and the credit risk is low. Thus, no loss allowance is recognised.

##### *Internal credit risk grading categories*

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

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade receivables</b>	<b>Other financial assets</b>
Group A	The counter party has a low risk of default based on historical repayment records and has a good reputation	Lifetime ECL – not credit-impaired	12-month ECL
Group B	The counter party has higher creditability but sometimes repays after due dates	Lifetime ECL – not credit-impaired	12-month ECL
Group C	The counter party usually settles after due dates with a higher-risk of default	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Group D	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

#### Internal credit risk grading categories (continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					2025 HK\$'000	2024 HK\$'000
<b>Trade receivables at FVTOCI</b>						
Trade receivables	20	N/A	(Note (ii))	Lifetime ECL (collective assessment)	<b>52,254</b>	74,873
<b>Financial assets at amortised cost</b>						
Trade receivables	19	N/A	(Note (ii))	Lifetime ECL (collective assessment)	<b>57,954</b>	42,572
Deposits and other receivables	19	N/A	(Note (i))	12-month ECL	<b>8,382</b>	8,211
Bank balances and cash	22	A+ to BBB+	N/A	12-month ECL	<b>236,302</b>	418,507

Notes:

- (i) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.
- (ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivables on a collective basis, grouped by past due status. The average ECL rate is 0% (2024: 0%).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

##### Internal credit risk grading categories (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

In the opinion of the directors, the trade receivables within Group C at the end of the reporting period which have been past due 90 days or more are not considered as in default by considering the expected subsequent and historical repayment from the trade receivables.

During the year ended 31 December 2025 and 2024, the Group had no allowance for expected credit loss on trade receivables, based on collective assessment.

Movements in the allowances for/(reversal of) allowance for ECL of trade and other receivables are as follows:

	Trade receivables	Financial assets at FVTOCI	Deposits and other receivables	
	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	12-months ECL HK\$'000	Total HK\$'000
At 1 January 2024	–	–	50	50
Allowance for expected credit losses	–	–	926	926
Exchange realignment	–	–	(3)	(3)
At 31 December 2024	–	–	973	973
Allowance for expected credit losses	–	–	48	48
Reversal of allowance for expected credit losses	–	–	(234)	(234)
Exchange realignment	–	–	–	–
<b>At 31 December 2025</b>	–	–	787	787



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (continued)

#### Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors regularly monitor current and expected liquidity requirements to ensure it maintains sufficient reserves of cash and bank balances and adequate funding from its shareholders to meet with its liquidity requirements.

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

#### Liquidity tables

##### At 31 December 2025

	Weighted average interest rate %	Within 1 year or on demand HK\$'000	1 year to 2 years HK\$'000	2 years to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>Non-derivative financial liabilities</b>							
Trade and other payables	N/A	139,140	–	–	–	139,140	139,140
Lease liabilities	16.23	7,288	5,022	13,037	75,398	100,745	30,515
		<b>146,428</b>	<b>5,022</b>	<b>13,037</b>	<b>75,398</b>	<b>239,885</b>	<b>169,655</b>

##### At 31 December 2024

	Weighted average interest rate %	Within 1 year or on demand HK\$'000	1 year to 2 years HK\$'000	2 years to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>Non-derivative financial liabilities</b>							
Trade and other payables	N/A	147,943	–	–	–	147,943	147,943
Lease liabilities	16.70	6,020	5,742	12,915	65,742	90,419	29,508
		<b>153,963</b>	<b>5,742</b>	<b>12,915</b>	<b>65,742</b>	<b>238,362</b>	<b>177,451</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of financial instruments.

#### (i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's trade receivables at FVTOCI and financial assets at FVTPL are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs
	2025 HK\$'000	2024 HK\$'000		
<b>Financial assets</b>				
Trade receivables at FVTOCI	<b>52,254</b>	74,873	Level 2	Discounted cash flow method. The key input is market interest rate.
Investments in listed bonds	<b>17,614</b>	19,484	Level 1	Quoted bid prices in an active market.
Bonds funds	<b>25,468</b>	24,787	Level 2	The net assets value of the fund. The key input is the fair value of the underlying assets and liabilities
Investment funds	<b>74,322</b>	66,839	Level 2	The net assets value of the fund. The key input is the fair value of the underlying assets and liabilities
Structured products	<b>255,844</b>	–	Level 2	Discounted cash flow method. Present value of estimated future cash flows are based on forward rates and contract rates, discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable.  Black-Scholes Model. Fair value estimated based on strike price, commodity price, time to expiration, volatility and risk-free interest rate.

There is no transfer between different levels of the fair value hierarchy during the years ended 31 December 2025 and 2024.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair value measurements of financial instruments (continued)

#### (ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost during the years ended 31 December 2025 and 2024 approximate their fair values.

## 32. 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 flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Interest payable HK\$'000	Dividend payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	–	–	16,668	16,668
Additions	–	–	23,867	23,867
Written off upon early termination of leases	–	–	(11,098)	(11,098)
Financing cash flows, net	(14,777)	(60,625)	(4,350)	(79,752)
Interest expense	14,777	–	4,457	19,234
Dividend (Note 14(ii))	–	60,625	–	60,625
Exchange difference	–	–	(36)	(36)
At 31 December 2024	–	–	<b>29,508</b>	<b>29,508</b>
Additions	–	–	<b>3,485</b>	<b>3,485</b>
Financing cash flows, net	<b>(13,712)</b>	<b>(70,000)</b>	<b>(7,155)</b>	<b>(90,867)</b>
Interest expense	<b>13,712</b>	–	<b>4,607</b>	<b>18,319</b>
Dividend (Note 14(ii))	–	<b>70,000</b>	–	<b>70,000</b>
Exchange difference	–	–	<b>70</b>	<b>70</b>
<b>At 31 December 2025</b>	<b>–</b>	<b>–</b>	<b>30,515</b>	<b>30,515</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. MATERIAL RELATED PARTY DISCLOSURES

### (a) Related party transactions

Save as disclosed above and elsewhere in these consolidated statements, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions	2025 HK\$'000	2024 HK\$'000
Ms. Paulina Yeung	Rental expense	146	152

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	24,526	10,346
Post-employment benefits	351	349
	24,877	10,695

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

## 34. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2025, the Group entered into new lease agreement for the use of lease properties for fixed term of 2 to 50 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$3,723,000 and HK\$3,485,000 respectively.

During the year ended 31 December 2024, the Group entered into new lease agreements for the use of leased properties for fixed term of 2 to 10 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$25,687,000 and HK\$23,867,000 respectively.

## 35. EVENTS AFTER THE REPORTING PERIOD

The Group had further subscribed to certain wealth management products with a subscription amount of USD6,000,000 in January 2026.

## 36. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group did not have any significant contingent liabilities.

## 37. AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026.

# Five-year Financial Summary



A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out below:

## RESULTS

	2025 HK\$'000	Year ended 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	<b>1,098,569</b>	1,067,830	1,114,213	1,220,760	1,181,603
Profit before tax	<b>203,430</b>	205,775	216,584	219,823	195,615
Income tax expense	<b>(36,742)</b>	(35,402)	(39,453)	(43,926)	(37,336)
Profit for the year	<b>166,688</b>	170,373	177,131	175,897	158,279
Profit attributable to:					
Owners of the Company	<b>166,749</b>	170,373	175,420	172,553	158,316
Non-controlling interests	<b>(61)</b>	–	1,711	3,344	(37)
	<b>166,688</b>	170,373	177,131	175,897	158,279

## ASSETS AND LIABILITIES

	2025 HK\$'000	Year ended 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	<b>1,127,050</b>	1,056,459	940,413	822,848	791,492
Total liabilities	<b>(188,891)</b>	(226,782)	(214,729)	(180,062)	(238,858)
Net assets	<b>938,159</b>	829,677	725,684	642,786	552,634
Capital and reserves attributable to:					
Owners of the Company	<b>934,720</b>	829,677	725,684	613,855	524,681
Non-controlling interests	<b>3,439</b>	–	–	28,931	27,953
	<b>938,159</b>	829,677	725,684	642,786	552,634